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ESTABLISHED 1887

NFL FOOTBALL DRAFT See SPORTS, Page 21

No. 32,709 17/88

Iran Hits Ship, Defying Reagan

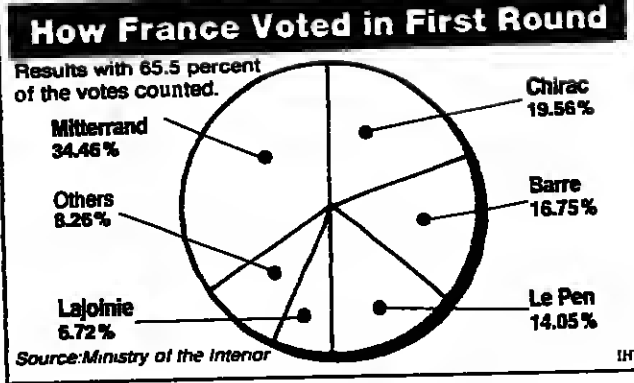
MANAMA, Bahrain — An Iranian gunboat fired a rocket into a Saudi Arabian-owned tanker in the Strait of Hormuz on Sunday, hours after President Ronald Reagan warned Iran to stop attacking neutral ships in the region, Gulf shipping sources said.



French election, joined forces for the second round against the incumbent, Francois Mitterrand.

Mitterrand and Chirac Advance to 2d Round

By Joseph Fichett International Herald Tribune PARIS — President Francois Mitterrand and Socialist challenger Jacques Chirac, in a runoff presidential election May 8, computer projections by the Ministry of the Interior showed Sunday. The figures were based on 65.5 percent of the vote in the first of the two rounds of the election.



Mr. Mitterrand, 71, appeared to be positioned to retain the French presidency on the basis of the projections, which were expected to parallel the official results. Seven candidates were eliminated.

11 Gendarmes Freed; Paris Moves on Kanaks

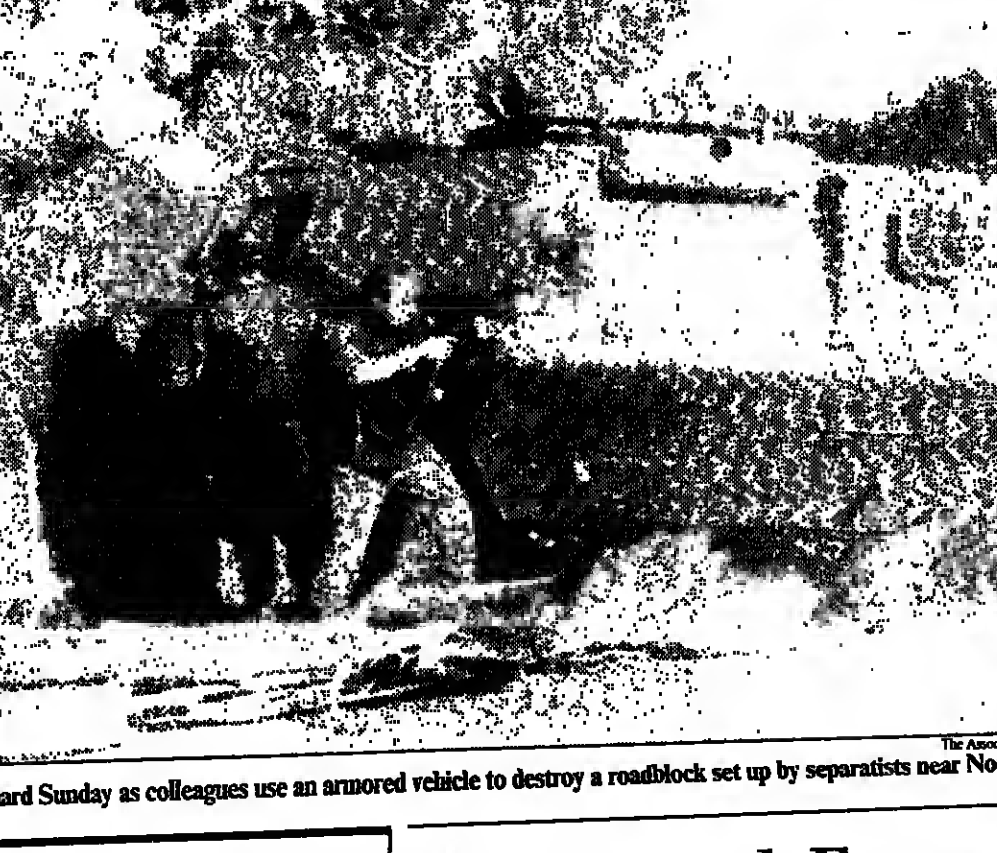
PARIS — Defense Minister Andre Giraud of France said Sunday that 11 of 27 paramilitary policemen taken hostage Friday in the South Pacific territory of New Caledonia have been freed.

Containing the Gulf War Proves Elusive

By Patrick E. Tyler Washington Post Service KUWAIT — The naval clash last week between Iran and the United States — the most serious confrontation between the two nations since Americans were seized in their embassy in Tehran nine years ago — has left Western and Arab government officials deeply puzzled and apprehensive, fearing that the Gulf War is becoming more difficult to contain.

Study Sees Fatal Flaws in SDI

By R. Jeffrey Smith Washington Post Service WASHINGTON — President Ronald Reagan's space-based missile defense system would "suffer a catastrophic failure" the first time it was used to protect against a Soviet nuclear attack, a nonpartisan congressional report has concluded.



A French gendarme on guard Sunday as colleagues use an armored vehicle to destroy a roadblock set up by separatists near Noumea.

Bush Seems Pragmatic On Economy

By Peter T. Kilborn New York Times Service WASHINGTON — After a primary campaign in which his economic proposals consisted mainly of support for the programs instituted by President Ronald Reagan, Vice President George Bush has gathered advisers who are helping him prepare proposals that imply a more moderate, pragmatic agenda.

Low Dollar Makes U.S. a Retail Mecca

By Sharon Warren Walsh Washington Post Service NEW YORK — Even if you did not speak Italian, it was easy to figure out what the five tourists from northern Italy were shopping for in the South Street Seaport on a free afternoon.

Modest Result Foreseen From OPEC Meetings

By Robert J. McCartney and Martha M. Hamilton Washington Post Service The unusual meeting scheduled for Tuesday between OPEC and non-OPEC nations has raised the possibility that the oil cartel could regain and extend its leverage on world oil markets and drive oil prices up. Or, if the members of the Organization of Petroleum Exporting Countries fail to reach an agreement with their non-OPEC competitors, that could send oil prices tumbling.

Vertical sidebar containing various advertisements including 'PEOPLE', 'Director of Stalin', 'NFL FOOTBALL DRAFT', 'Kiosk', 'Afghan Rebels', 'MONDAY Q&A', 'General News', 'Business/Finance', and 'Sports'.

هكذا من الأصل

BRIEFS

Restrictions in Territories
Israel allowed Palestinians to leave their homes on Sunday for the first time in a week. The restrictions imposed last week followed the April 16 assassination of a military commander of the PLO known as Abu Jihad. The PLO said 100,000 laborers in Israel on Sunday. Curfews for a week were lifted, as well as other restrictions on Palestinians.

U.S. on Soviet Talks
The U.S. secretary of state, George Shultz, is expected to address North Atlantic Treaty Organization members in a summit meeting next month in the capital of the Georgian Republic. It is not clear whether his talks in Moscow, which he reached Saturday after visiting Kiev to see of religious faith when he attended a cathedral service in Georgia, the local press said.

Philippines Official
Philippine officials tried to ambush the U.S. Subic Bay Naval Station's bodyguards, officials said. A fire Saturday on a motorcade approached his residence in Manila less than 70 kilometers (40 miles) from the capital.

Pretoria Protest
More than 500 people demonstrated against anti-apartheid action within and alleged torture of children Saturday on the Johannesburg streets and was the first public since Pretoria effectively banned the group. A member of the Detainees Family Committee said the group was banned in February and had some stage since emergency up to 40 percent of the people under and included some as well as 100 to 3,000 now under detention.

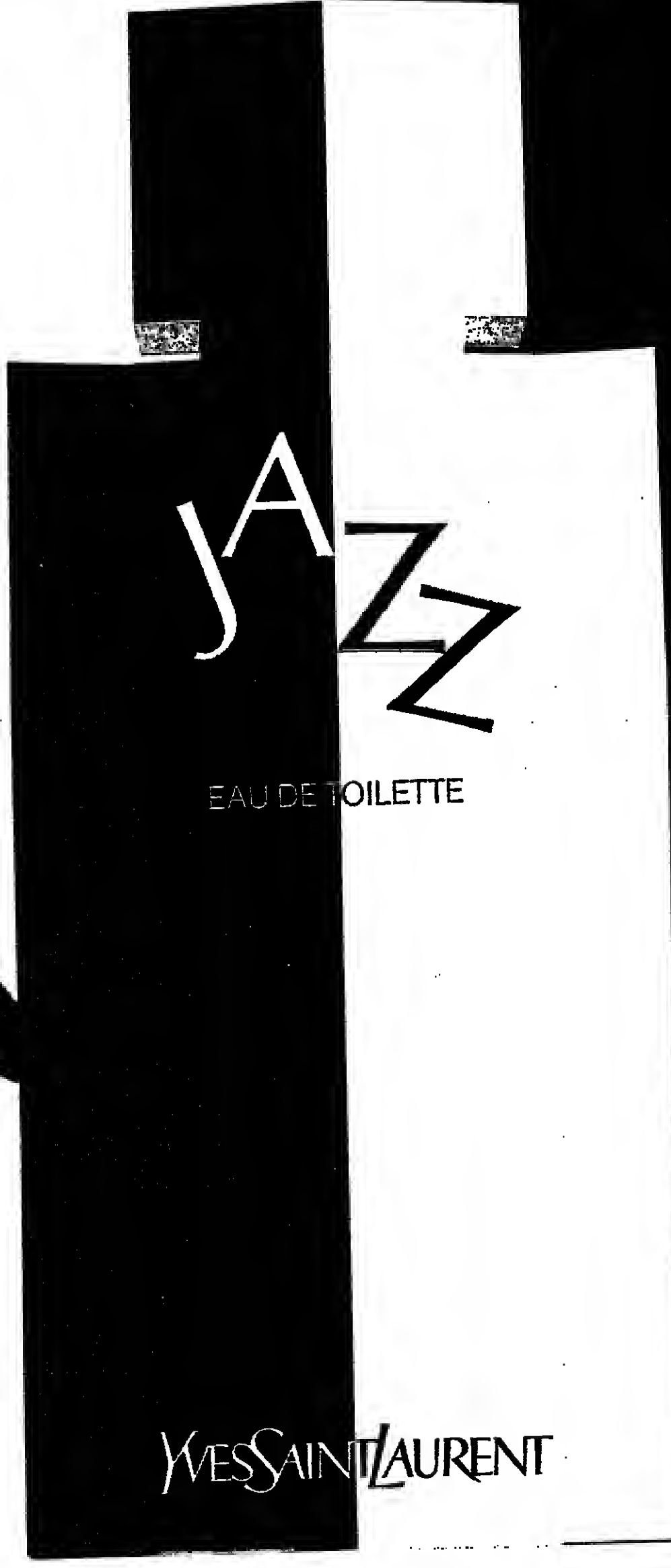
Two Leftist Mayors
Two leftist mayors in one city were removed from office Saturday. Routine physical examination and which showed any problems. A peaceful anti-nuclear rally was held Saturday on the anniversary of the Chernobyl disaster. Leftist rebels were killed Saturday near the town of Corinto.

EL UPDATE

Smokers Go Wild
Frustrated smokers are protesting a new federal smoking ban. The ban would limit the number of cigarettes of 10 or less. Passed in 1987, it would cost as much as \$1,000. Northwest Airlines flight attendants protested and smokers chanted. A spokesman for the National Transportation Safety Board said the airline was not responsible because of the ban. A spokesman for Washington State said the ban would cost the state \$10 million. The ban would limit the number of cigarettes of 10 or less. Passed in 1987, it would cost as much as \$1,000.

International Flight

International flight restrictions are being imposed on airlines. The ban would limit the number of cigarettes of 10 or less. Passed in 1987, it would cost as much as \$1,000. Northwest Airlines flight attendants protested and smokers chanted. A spokesman for the National Transportation Safety Board said the airline was not responsible because of the ban. A spokesman for Washington State said the ban would cost the state \$10 million. The ban would limit the number of cigarettes of 10 or less. Passed in 1987, it would cost as much as \$1,000.



LA NOUVELLE EAU DE TOILETTE POUR HOMME

YVES SAINT LAURENT

AMERICAN TOPICS

Traveling Nurses Help Ease Shortage

The nursing shortage has spawned a growing industry of traveling nurses, nurses-for-hire who crisscross the United States plugging gaps at short-staffed hospitals, typically working three months at one hospital before moving on to the next, The New York Times reports.

Nurses with a desire to travel can name where they want to work and when, following their wanderlust and the changing seasons. Their housing and traveling expenses are paid for. Traveling nurses generally are paid what staff nurses make, \$13 to \$22 an hour for a 40-hour week. In some cases, they receive bonuses of up to \$3,000 when they complete their stint.

A new group of agencies devoted exclusively to placing traveling nurses has emerged, recruiting nurses nationwide and matching them up with hospitals across the country.

So far traveling nurses account for only 6,000 to 25,000 of the two million nurses nationwide, and a tiny fraction of any single hospital's nursing corps. But for hospitals facing crippling shortages, it is worth paying as much as twice the total cost of a staff nurse to hire an experienced traveler to fill in — the cost including not only the nurse's salary and expenses but the agency's commission.

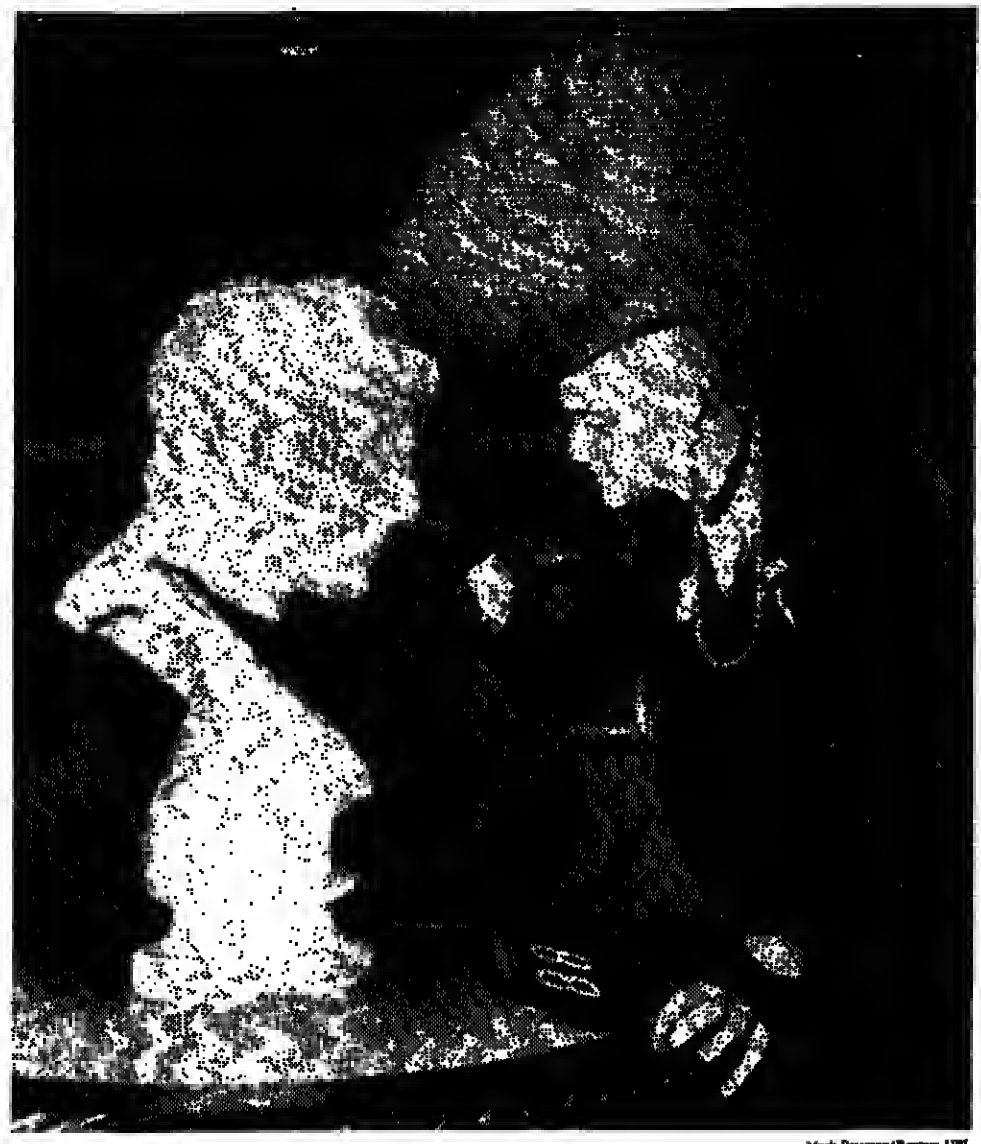
"The travelers are an important resource," said Karen G. Barnes of the American Nurses' Association. "Without them, some rural hospitals in places like Texas, Oklahoma, Colorado and New Mexico simply could not survive."

Notes About People

Orval Faubus, the former Arkansas governor who tried to keep Central High School in Little Rock segregated in 1957, now says he supports the Reverend Jesse L. Jackson, the black candidate for the Democratic presidential nomination.

Princess Ileana of Romania, the last surviving offspring of King Ferdinand and Queen Maria and a great granddaughter of Queen Victoria and Czar Alexander II of Russia, has stepped down as abbess of the Orthodox Monastery of the Transfiguration in Elsworth City, Pennsylvania.

Donq Williams, the black quarterback who was voted the most valuable player in the National Football League Super Bowl on Jan. 31 for leading the Washing-



POP RULES O.K.? — A bust of Napoleon is inspected by Matt Belgrain, an English pop singer, in New York before the start Saturday of a 10-day auction of the collections of the artist Andy Warhol. More than 10,000 items, including paintings, furniture, watches and clocks, are being put on the auction block. The first session fetched \$994,074, double the estimate of Sotheby's.

ton Redskins to a 42-10 victory over the Denver Broncos, has established a foundation. He hopes to raise around \$300,000, much of which will be coming from his own pocket, for scholarships, drug abuse counseling and stay-in-school programs for Washington-area schoolchildren, The Washington Post reports.

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Congress Will Uphold Trade Veto, Reagan Says

By Julie Johnson New York Times Service

WASHINGTON — President Ronald Reagan, who has steadfastly opposed the comprehensive trade bill that is scheduled for a Senate vote Tuesday, has predicted that his veto will be sustained.

"I've made it clear to Congress I will veto this bill, and I'm confident that my veto will be sustained," Mr. Reagan said Saturday in his weekly nationwide radio address. "Then I'll work vigorously to secure responsible trade legislation and urge the congressional leadership to schedule prompt action on the new bill."

Throughout the past week Mr. Reagan escalated his rhetoric on the trade bill as the legislation passed the House of Representatives by a 312-to-107 vote. Although that vote was more than enough to override a veto, the president asserted that the measure would "damage our ability to compete with our trading partners."

"Everyone talks about wanting a level playing field," Mr. Reagan said in the speech, broadcast from Camp David. "But what Congress would be doing is putting American workers and industries on the field with one hand tied behind their backs."

Senator Robert C. Byrd of West Virginia, the majority leader, responding to the speech, appealed to Mr. Reagan to sign the bill.

"Mr. President, at the 11th hour, don't turn back the clock," Mr. Byrd said. "We need new policies, not old politics. Put away your veto pen. Mr. President, sign the trade bill when it comes to your desk."

Senate leaders have warned the administration that a presidential veto, despite Mr. Reagan's insistence that he would sign a more acceptable bill, would probably end any chances for trade legislation this year.

Administration opposition to the measure, the most ambitious overhaul of federal trade law in 14 years, centers on a provision that requires businesses with more than 100 employees to give workers 60 days' notice before large-scale layoffs or factory closings.

This provision is among the features that the president characterized as unacceptable. He asserted that the plant-closing provision has remained in the 1,000-page bill only because Congress has caved in to pressure from organized labor.

Mr. Byrd said the plant-closing provision was "one small section to protect workers from suddenly being laid off without notice."

He summarized the administration position in terms of fairness. "What they're saying," he said, "is this: It is O.K. to give golden parachutes to the big guys, but it is not O.K. to give the little guy a warning that he is about to lose his or her job. Is that fair? Of course not."

Gags, Not Jabs, Mark Debate Between Jackson and Dukakis

By Paul Taylor Washington Post Service

PHILADELPHIA — Together they had endured about 40 multiple-candidate debates in eight months, and now the Democratic Party's two surviving presidential candidates, heading into the Pennsylvania primary on Tuesday, finally were getting a chance to square off against one another.

The result was a laughing, kidding love feast.

The Reverend Jesse L. Jackson set the tone of the debate on Friday, sponsored by the Pennsylvania Democratic Party, by raising the hand of Governor Michael S. Dukakis in a gesture of unity and victory as he strode onto the stage.

But it was the Massachusetts governor who managed to deflect the evening's most delicate issue with an answer that tickled and disarmed listeners, even his opponent.

The question was whether Mr. Jackson would expect to be asked to accept, and whether he would accept, the vice-presidential nomination if Mr. Dukakis wins the presidential nomination, as most political observers believe he will.

"It is a bit premature to be giving out coronation roses for the governor and taps for me," Mr. Jackson replied, dead earnest. "We're moving in to the last lap, and I'm a long-distance runner."

Then came Mr. Dukakis's turn. With exquisite timing, he leaned over to Mr. Jackson, who was seated beside him, and in a mock-conspiratorial stage whisper, asked: "Are you interested? Talk to me later."

Mr. Jackson erupted in laughter, elbowed Mr. Dukakis in the ribs and shook his hand. The audience roared.

Mr. Dukakis was so pleased with the response — usually it is Mr. Jackson who wins over the audience with his stage presence — that when the question came up again a half-hour later, he re-enacted the gag before setting forth his "serious" response: "It is premature to consider such matters and nobody is yet 'ruled out or ruled in.'"

Mr. Jackson came into the debate the underdog in the two-man race. His advisers had hoped he would use the occasion to begin drawing sharp contrasts with Mr. Dukakis over their domestic priorities. But Mr. Jackson held back, choosing instead to sound notes of conciliation.

"Any combination onstage tonight," he said, "will beat the Republicans." Later, he added that, however it goes at the national convention, "we will act as a unit to send the Reagan-Bush forces back to private life."

The comments seemed designed to send a signal that Mr. Jackson has no intention of withholding his support from the Democratic ticket this fall, whether he is on it or not.

The only moments of contention came after Mr. Dukakis vowed that as president he would be "tough on terrorists" and strike terrorist camps militarily if necessary.

Warning to Female Patients

You should not take Accutane if you are or may become pregnant during therapy. Severe human birth defects are known to occur in women taking Accutane during pregnancy.

The possibility that you may be pregnant before starting Accutane therapy. An effective form of contraception (birth control) should be discussed with your doctor and used for one month before starting and for one month after Accutane therapy. Stop immediately if you become pregnant. Do not take Accutane if you are pregnant or planning to become pregnant.

Accutane is a powerful drug used to treat severe acne. It is a retinoid, a class of drugs that includes vitamin A. It works by reducing the production of sebum, the oily substance that clogs pores and causes acne.

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Maker of Acne Drug Disputes U.S. Report

By Philip M. Boffey New York Times Service

WASHINGTON — Hoffmann-La Roche Inc. has asserted that an estimate by government scientists that 900 to 1,300 babies have been born with birth defects caused by the popular anti-acne drug Accutane in recent years was "flawed" and "essentially meaningless."

"We refute their data," said Carolyn K. Glynn, a spokeswoman for the company, which manufactures the drug. "We think their study is invalid. When we go through the same calculations, we don't even come close to their numbers."

At the same time, the company said that it would propose what it described as "far-reaching changes" in the way Accutane was distributed to minimize the chances of fetal exposure.

The company said it would propose "tighter restrictions on the use of the drug in women of childbearing potential," changes in packaging "to insure that female patients receive the pregnancy warning with every prescription," and an extensive educational program about the dangers.

The drug already is dispensed with strong warnings against its use by pregnant women or women who might become pregnant. But government experts believe that thousands of women have taken the drug while pregnant, despite the warnings.

The company's estimate of the number of birth defects that might be attributable to the use of Accutane by pregnant women would be closer to the number officially reported to the Food and Drug Administration, Ms. Glynn said. That total, since the drug was licensed in 1982, is 62.

Hoffmann-La Roche said it had prepared an extensive rebuttal to a confidential memorandum by staff members of the drug agency that was reported Friday by The New York Times. The report concluded that the drug was causing far more damage than was reflected in official reports to the government. It also said the drug was being vastly overprescribed to women who have safer alternatives.

The company said it would offer to pay for pregnancy tests and counseling about contraception for all women for whom Accutane is prescribed, in an effort to encourage both doctors and patients to avoid exposure to the drug during pregnancy.

The government memorandum, which was prepared by three epidemiologists at the federal agency, concluded that Accutane caused 900 to 1,300 "severe birth defects" from 1982 to 1986, and 5,000 spontaneous abortions, and 5,000 deliberate abortions by pregnant women who feared that the drug would deform their fetuses.

The memorandum also estimated that 97 percent of the women who receive the drug do not have the kind of very severe acne for which the drug was originally intended. It recommended that the agency consider removing Accutane from the market.

A spokesman for Hoffmann-La Roche said the company had not disclosed its rebuttal of the Food and Drug Administration analysis Thursday because it had agreed with government officials that the issues would be discussed at a meeting of an expert advisory committee scheduled for Tuesday.

On Friday, officials of the drug agency and the Centers for Disease Control declined to discuss the issue further pending full review at the meeting on Tuesday.

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Lord Ramsey, Ex-British Primate, Dies

The Associated Press LONDON — Lord Ramsey, 83, the former archbishop of Canterbury, died Saturday in Oxford, the Anglican Church announced. He had been ill with bronchial pneumonia for several weeks.

Ecumenical Leader

By Dennis Hevesi New York Times Service

As the Most Reverend Arthur Michael Ramsey, he headed the Anglican Church from 1961 to 1974. In 1966, as part of travel to promote the ecumenical movement, he went to Rome and paid an official visit to Pope Paul VI. And in 1972, he preached at St. Patrick's Cathedral in New York City, the first time a leader of the world's Anglican communion had occupied the pulpit of the Roman Catholic Church in Manhattan.

Lord Ramsey was the 100th primate of the Church of England since Henry VIII broke from the Catholic Church in 1534. Upon his retirement, he was made a life peer, and took the title of Lord Ramsey of Canterbury.

In 1965, he outraged some conservatives when he declared that under certain circumstances, there would be Christian justice in using

British troops to overthrow the white-minority regime in Rhodesia. Earlier that year, he caused a furor when he expressed strong support for a bill to repeal criminal penalties for private homosexual activity between consenting adults.

During the debate, he vigorously disputed an argument by Lord Dilhorne, a former lord chancellor, that some forms of homosexual behavior were worse than others and should be punished. The archbishop, going into clinical detail, said that he could see no "big moral distinction."

Despite his attempts to foster ties with the Roman Catholic Church, he criticized the pope's cyclical against birth control.

In 1970, during an interview before a trip to South Africa, Lord Ramsey attacked apartheid, saying that "it is being increased by more ruthless actions."

He was a large man who gave the impression of great physical strength. By one account, when he once was required during a ceremonial occasion to strike three blows with his staff on a cathedral door, the door splintered.

Lord Ramsey, born Nov. 14, 1904, in Cambridge, began his career as a priest in a Liverpool parish. In 1939 and 1940, he served as

vicar of St. Benedict's Church in Cambridge. A year later, he was appointed professor of divinity at Durham University in England. A decade later, he returned to Cambridge as regius professor of divinity, a royal appointment. In 1952, Lord Ramsey returned to the city of Durham as bishop.

But even after he rose to that rank, and later when he was archbishop of York, he still delighted, as he had in Liverpool, in shedding his robes and popping into pubs to lift a few with the workers.

Melvin Price of Illinois, 22-Term Congressman

WASHINGTON (AP) — Representative Melvin Price, Democrat of Illinois, a quiet, unassuming former sportswriter who served as chairman of three important congressional committees during a 22-term House career, died Friday in the hospital at Andrews Air Force Base near Washington. He was 83.

Mr. Price had pancreatic cancer, diabetes and arthritis.

Esteemed by his colleagues for fairness and integrity, as well as by his constituents for service to their district, Mr. Price had served as the first chairman of the House ethics committee and as head of the Joint Committee on Atomic Energy and

of the House Armed Services Committee.

On the day he was elected to Congress, Nov. 7, 1944, he was a corporal in the army, leading supplies on KP duty. On learning of his election, his commander sent a car for him, promoted him to sergeant and gave him a discharge.

In 1975, reflecting the new independence of the post-Watergate Congress, the House Democratic Caucus toppled the chairman of the Armed Services Committee, Representative F. Edward Hebert, Democrat of Louisiana, and named Mr. Price to succeed him.

Ten years later it was Mr. Price who was deposed. He was known as a strong supporter of the military establishment. Some Democrats felt that he was too hawkish to represent them.

Other deaths: Irene Rich, 96, an actress who played Will Rogers's nagging wife in several films before becoming a popular radio star with the "Dear John" program during World War II, of heart failure on Friday in Santa Barbara, California.

John S. Raskin, 74, who spent 38 years with The New York Times as a photo editor and reporter, of lung cancer Saturday in New York.

Arthur Higbee

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INTERNATIONAL POSITIONS You will find below a listing of job positions published last Thursday under the rubric International Positions. TABLE WITH COLUMNS: TITLE, SALARY, EMPLOYER. Includes positions like Director of Training & Information, Int'l Sales Engineer, and Int'l Sales Executive.

مكازم الأصيل

Vertical sidebar containing various advertisements including 'NAS', 'Exodus', and 'WORLDWIDE ENTERTAINMENT'.

Herald Tribune

Published With The New York Times and The Washington Post

Horror in Mozambique

Rarely does a State Department document evoke a nightmarish Conrad novel. Alas, there is nothing fictional about a new report telling how 100,000 people have been massacred in Mozambique — mainly by Renamo, a rebel group waging a bush war against Mozambique's left-wing regime. Civilians have been shot, knifed, axed, bayoneted, burned, starved, beaten, drowned and throttled. Nearly a million have fled into exile. In neighboring Malawi, 1,000 refugees arrive daily "in poor health, severely malnourished, without belongings and often naked."

So writes Robert Gersomy, who spent three months interviewing hundreds of refugees. A pattern emerges. Renamo rebels first kidnap several villagers and force them to reveal where prominent citizens live. People are murdered, homes looted, schools and clinics destroyed. Survivors are herded into "control" areas, where men are enslaved and women raped. Ears, lips, noses and limbs are sliced to teach obedience.

Mozambique's government is guilty of abuses, but the refugees interviewed hold Renamo responsible for the worst crimes. "It appears that the only reciprocity provided by Renamo for the efforts of civilians is the

possibility of remaining alive. There are virtually no reports of attempts to win the loyalty or even the neutrality of villagers."

Renamo was created in 1977 by Rhodesia's now defunct white regime to punish Mozambique for sheltering leftist guerrillas. When Rhodesia became Zimbabwe, South Africa assumed sponsorship for Renamo but promised to end aid at the time it signed a nonaggression pact with Mozambique in 1984. Despite denials, Pretoria continues to air-drop supplies to Renamo.

Incredibly, the rebels of Renamo are depicted as "freedom fighters" by Senator Jesse Helms and a vociferous lobby that now includes Senator Bob Dole and Representative Jack Kemp. The Reagan administration has shown greater honor and sense, not least by detailing the truth in the State Department's report. It has also given Mozambique economic and humanitarian aid, and now Britain is providing military training.

Gestures like these help erode Soviet influence in southern Africa. But surely more can be said about Pretoria's complicity. Why not another report exposing South Africa's real hand in Mozambique?

—THE NEW YORK TIMES

Denmark and NATO

A fresh sign that the ground is moving under Europe's traditional commitment to the Atlantic alliance comes from Denmark, where a tendency to enjoy NATO's protection without accepting a proportionate share of the defense burden is finally being put to an electoral test. The left pushed through a resolution that has the effect of challenging NATO's policy to maintain a suitable discretion about which ships carry nuclear weapons and which do not. The minority government decided, bravely, that it was time to make Danes choose whether they want to be full members of the alliance or not. The issue is to be joined in a snap election on May 10.

All this recalls New Zealand, where the anti-nuclear movement put forth a position on nuclear notice which in the American judgment prevented the United States from discharging the security obligations it had undertaken in the pact binding the two countries. There is always an argument in these situations that it is better for those interested in continued close relations to yield to the prevailing anti-nuclear winds and wait for better days. But this is a line that encourages and rewards free-loading, which is objectionable in its own right and cannot fail to undermine American public

support for the security pact in question. Surely New Zealand or Denmark or any other sovereign state is entitled to decide whether it makes sense to continue old arrangements of collective security. But so is the United States. Unilateral abridgment of the terms is unworthy of all the parties — and a formula for disintegration.

As unwelcome as developments are in Denmark, they represent one characteristic European response to changes of continental and even global scope. The postwar scheme in which Europeans accepted or, in the East, were forced to accept the division of Europe, the confrontation of military blocs and the resultant political discipline has been yielding slowly and irregularly to a new pattern. This pattern is a long way from being defined, let alone constructed, but it is taking some of its shape from a diminished sense of the danger of hostile military attack across the East-West line and from an enlarged sense of the peril arising simply from residence in a nuclear world and membership in a nuclear alliance. The Soviet Union, under its new leadership, is increasingly quick and smart in its appreciation of this new phenomenon. Events like the current Danish crisis call the West to catch up.

—THE WASHINGTON POST

Reagan and His Treaty

President Reagan has hailed the INF Treaty as a historic breakthrough, but it could still happen that he will fail to get the Senate to ratify the treaty before his coming summit with Mikhail Gorbachev. This major embarrassment looms because of a dispute about which branch has the last word in interpreting treaties there has now been added a dispute about whether the INF Treaty covers futuristic weapons as well as existing nuclear-armed ones.

The new problem is this: The INF text, international law and the negotiating record make it clear that "all" medium- and shorter-range ground-launched weapons were to be banned. Futuristic weapons were not mentioned because the focus was on getting rid of existing missiles, not on leaving room for exotic ones that do not exist. Nobody sought to carve out an exception for them in the negotiations (some other exceptions were made), and futuristic forms of the Strategic Defense Initiative are not affected by the INF language.

Nonetheless, the issue arose, as a result of the Senate's close reading of the INF text. The State Department promptly got the Soviet foreign minister to send a letter say-

ing that futuristic weapons are indeed banned. But his letter, written hastily, left a question, and the first English translation of it, made by someone in the Soviet Embassy in Washington who was not fluent in arms control argot, contained a word that created further confusion.

By Friday things were looking up in the Senate, where Sam Nunn, the leading questioner, pronounced the problem both inoperative and easily soluble and suggested that the administration solicit a more precise letter from Moscow confirming the no-futures understanding it says it has held all along. No amendment, which requires renegotiation, would be needed.

If something like this is done, President Reagan could turn his undivided attention to the problem that he has helplessly created by earlier insisting that, in interpreting a treaty, a president is not bound by what he tells the Senate about it at the time of ratification. Mr. Reagan's readiness to back off from that insupportable position will determine whether he will have a ratified INF Treaty in hand when he goes to Moscow at the end of May.

—THE WASHINGTON POST

Other Comment

Urban India at Boiling Point

The simple truth about managing an Indian city is, "Whatever can go wrong will go wrong." In Bombay last January, a five-story building collapsed, killing 26 people. It was more than 40 years old and desperately in need of repairs. Another 16,502 such buildings are on the verge of collapse.

In Calcutta, all government offices are supposed to open at 10 A.M., but transportation is so bad that most employees trickle in about one hour late.

Decay and chaos have spread to the 3,245 cities and towns that together form the rapidly exploding phenomenon called urban India. The annual influx into cities of an estimated 5 million people fleeing rural poverty in search of employment has caused a fourfold increase in the urban population, from 56 million in 1951 to more than 230 million last year.

The endless stream of migrants pour into subhuman shacks and shanties, turning metropolises into giant slums. A third of India's urban population lives in ramshackle huts with pavements for toilets. Half of the populace is squeezed into one-room tenements or rows of apartment buildings. Public services are crumbling.

And the giant melting pot of cultures that the cities are coming to a boil. The display of wealth by a few in the midst of appalling

misery is brightening tensions. Riots break out at the slightest provocation, crime spirals and youths take to drugs.

—Raj Chennappa in *India Today* (New Delhi), quoted by *World Press Review*.

Carrot Season for Tehran

Iran isn't finished. Its attacks on Iraq through the north have proved highly effective, and there is always the suspicion that its lack of resistance in the south of Iraq pre-figures a much bigger assault on the road to Baghdad through Kurdistan. Anyone who believes that it is ready at last to sue for peace is fooling himself. But it is — and is seen to be — in the throes of internal dissension. Its oil revenues can no longer fund the cost of its war effort. Its troops are exhausted.

Now is the time that the West could try and lead Iran toward peace, by offering carrots as well as sticks. This means accepting policies which neither Britain nor the United States has yet been willing to adopt: the protection of shipping by international rather than national fleets, cooperation with the Soviet Union, acceptance of Iran's rights of compensation and justice for being the initial victim of aggression in the war. For the first time in years there is an opening for a constructive policy in the Gulf.

—Adrian Hamilton, foreign editor of the *Observer* (London).

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OPINION

Arms Sales: China Ought to Talk It Over

By Flora Lewis

BEIJING — China's sale of medium-range missiles to Saudi Arabia touched off a furor, evidently to Beijing's surprise. The official explanations are resolutely defensive.

They run along two lines. One is, "Why should anybody have the right to say who can sell and who can buy weapons? The United States, France, Italy, Britain and Sweden sell weapons all around the Middle East. Why should China be excluded?" The second argument, in the words of Vice Foreign Minister Qi Huaizhi Yuan, who is responsible for Middle East affairs, is that the sale was "welcomed by Arab states and 'contributes to regional stability.'"

He said that critics have "ulterior motives" in "not understanding China's policy." The missiles, called East Wind 3 by the Chinese and CSS-2 by Americans, were produced as nuclear launchers, the first intermediate-range missiles designed and made entirely by the Chinese. Their range is 2,500 to 3,000 kilometers, a big arc.

They are liquid-fueled, hard to prepare for use and poor on accuracy. U.S. experts say that without nuclear warheads the missiles are not reliable against military targets and are virtually obsolete. The Chinese say they serve only as a deterrent for the Saudis, against possible attacks from Iran.

But all the more because of their inaccuracy they are terror weapons. With heavy conventional explosives, or possibly with chemical agents, they could devastate cities. They are an escalation of arms technology in a bellicose, unstable region and could provide another turn in the spiraling Middle East arms race.

The Chinese argue that the range is not great-

er than that of planes provided by the United States to Saudi Arabia and Israel. Of course, there is no real defense against missiles, while air defenses are well developed.

Despite its principle of sovereign freedom in arms sales, China has extracted three key commitments from the Saudis: no right of resale; no nuclear warheads, which China says it would never provide. But somebody else might one day.

Chinese officials say the Saudis are "responsible and moderate," and would not break these undertakings. Still, nobody can guarantee that this will hold indefinitely, in all circumstances. So the sale provokes serious questions about how such decisions are made here and about China's political criteria.

A major element is money. The military has been put in a tight budget squeeze. It comes last in the goal of "four modernizations," yet, like the Soviet military production complex, it operates with great autonomy. Military enterprises can keep all the foreign exchange they earn; others have to remit half or more to the central government. The military has made several billion dollars on arms sales, three-quarters to Middle East states, according to Western estimates.

Money is not the only point. Saudi Arabia is one of the few countries with diplomatic relations with Taiwan, not Beijing, and China would like to influence a switch. Also, China came to realize that the sale of its Silkwork

missiles and other arms to Iran upset the Arabs. It apparently thought that a better balance in its relations with Arab states could be restored by providing missiles to the Saudis.

China wants presence in the Middle East as a matter of status. Mr. Qi said that China has "no special interests in the region, but a big country should take a stand on these important questions" — a fairly candid admission that power and prestige for its own sake is important.

Although he denied it on the record, there is evidence that the Foreign Ministry was not much involved in the sale. It was initiated by the Saudi ambassador to Washington, Prince Bandar bin Sultan, who arranged it in Beijing in deepest secrecy in 1985. The United States, to its annoyance, learned about it only recently.

The worrisome conclusion is that the Chinese military simply failed to consider broader political, destabilizing consequences. There is subtle evidence that in the future the Foreign Ministry will be more seriously consulted.

That isn't good enough, given the hazards. China has reached a capacity to tip the balance in dangerous areas. Since it is determined to be considered a major power, it must be drawn into international consultations on responsibilities and results of arms escalation in dangerous regions.

Mr. Qi forcefully rejected that idea on grounds of unlimited national sovereignty. But China's interests would also be touched if conflict spread. It wants to enter the world economy and world politics. It must accept that the role it seeks to play affects the partners it needs, and take account.

The New York Times

Legalizing Drugs Isn't The Way

By A. M. Rosenthal

NEW YORK — Last Monday, the day before the New York primary, Jesse Jackson was wading up an appearance before an influential audience of 1,300 business people, academics, social workers and politicians, brought together by the Association for a Better New York. When it was almost over, somebody stood up and asked an important, plain, straightforward question of the candidate who has made drugs a major political issue: "Since it is so obvious that we are not

You don't hear the idea defended by someone who ever loved a junkie.

winning the war against drugs, why not try legalization?"

Mr. Jackson's answer was just as simple and direct as the question: "You do not win a war by surrendering. That will not stop the debate, of course. The worst the casualties in destroyed lives, the more the gang murders, the deeper and dirtier the flow of corrupting drug money into government, the more often the question comes up about drug legalization."

I assume that everybody who writes about drug abuse as a national crisis gets letters, as I do, from thoughtful people who believe that legalization in some form or another is the right answer. The supporters of legalization cross political lines left and right.

This is the gist of their argument: Hundreds of thousands of people are forced to break the law because society rejects their particular narcotic of choice: whether it be alcohol and tobacco, hundreds of millions of dollars spent on law enforcement are wasted and could be used for anti-drug education. Legalization would take the profit out of the drug trade, eliminate the corruption and bring a fortune in taxes. It would not end drug abuse but it would allow us to deal honestly and openly with a social disease — as we do with alcoholism or tobacco addiction, which cause far more deaths than cocaine or heroin.

There is some truth in most of the points, but when you put them all together as an argument for legalization, the whole structure collapses. The reason is that mythology and unreality outweigh the kernel of truth. And the underlying philosophy is not exactly civically inspiring: Look, narcotics are terrible, but we are not getting anywhere fighting, so why not just give in and make them legal?

Alcoholism and tobacco addiction are indeed greater causes of death than heroin or coke. But the reason is that far more people get drunk or cough their lungs out than use "hard drugs."

Just give us time and legalization, pretty soon cocaine and heroin might kill just as many Americans. That is a peculiar objective, at exactly the time when America is finally realizing the horrors of tobacco and alcoholism.

Fight against two drugs by legalizing others? How can we continue to fight against alcoholism and tobacco addiction, effectively if we suddenly say that other drugs — even more dangerous — should also be made available? If you find your children drinking or smoking, you may have time to argue or frighten them out of it. Crack children get lost very, very fast, in worlds of the damaged mind where parents cannot follow.

The idea that legalization would take the profit out of drug crime by driving down prices, thus persuading pushers of the virtues of honest labor, is a fantasy. Right now you can get all the crack you want in New York for \$3 to \$5 a bag, a good enough price so that the hard-working mass market of the poison can earn millions a week.

The government presumably would dole out or sell drugs at set standards. Pusher paradise: "The government will only sell you a couple of ounces. Take them and come over to us for the rest. And look, those weak shots you buy at the government crack parlor, why we've got the real stuff for the real highs, just get the money. If you don't get caught mugging, you don't have to worry about possession, because it's legal, man, legal."

But the real ethical argument against legalization has nothing to do with law, fines or prisons. It has to do with what we want for ourselves and our children.

It is insensitive almost to vulgarity to argue for legalization of drugs that can rapidly damage or destroy self-respect, values, the very minds of innocent people — those other human beings I received many letters arguing for legalization, but none from a person who ever loved a junkie and not one from the parent of a crack kid.

The New York Times

West Bank: Israelis Are Determined to Keep It

By Yisrael Medad

JERUSALEM — What do 70,000 Jewish residents of Judea, Samaria and Gaza, 135,000 Jewish residents of East Jerusalem and the vast majority of Israel's population all agree on? That the "green line," the border between Israel and those areas of the former mandate of Palestine administered by Arab governments from 1948 to 1967, no longer exists.

This is not a political issue, it is the two major political camps in Israel, Likud and Labor, but a shared goal of both. The pivotal question in the great debate in Israel is how far to the east the "green line" will be redrawn.

Most observers would agree that had the Arab states finalized the armistice agreements of early 1949 as peace treaties, an international boundary would then have come into existence. The existence of such a boundary was Egypt's major advantage when it engaged in negotiations with Israel over the Sinai in 1978.

What should be recalled is that it has been the policy of all Israel's post-1948 governments that the areas of Judea, Samaria and Gaza are not foreign sovereign territory. The war began on the morrow of the 1947 United Nations Partition Plan caused that plan to become a dead letter. Therefore, Israel's presence in the areas since 1967, resulting from an act of defense against an aggressive war, is not with the status of an occupier.

The perception of many Israelis is that Arab hostility to the Jewish state has little if anything to do with the nonfulfillment of a presumed right of self-determination for a "Palestinian" people. Israel possessed no "territories" before the 1967 war, yet there was no peace. The view of most Israelis is that the enemy does not accept Israel as a legitimate political entity within any territorial dimension be-

Land of Israel, should not be surrendered. Any withdrawal from the homeland is a retreat from the principles of Zionism. Once a momentum of reversal is initiated it becomes a rejection of the ideological base for the state of Israel. Not only was Zionism intended to socially redeem the Jewish people, to forever alter their diaspora existence, it was also meant to assure their unbroken survival and to locate the Land of Israel under foreign rule.

Faced with an implacable and irrational enemy, Israel is determined to uproot terror and put down the rampant uprising, a modern version of the pre-state riots of 1929 and 1936-1939. Its security demands that the boundary be the Jordan River.

The writer, a resident of Shiloh in Samaria, is an aide to the Tefiya (Zionist Revival Movement) faction in the Knesset. He contributed this comment to the *International Herald Tribune*.

West Bank: Palestinians Will Build a Democracy

By Ibrahim Abu-Lughod

EVANSTON, Illinois — Under a Palestinian state, which surely will be democratic and secular, Palestinian Arabs and Israeli Jews will be bonded in a political order not yet experienced in the Middle East.

The West must accept a Palestinian state as inevitable. After all, the Palestinian Arabs' struggle for independence and sovereignty is historic. Now in its seventh decade, it pre-empted the existence of the Palestine Liberation Organization. Neither the British denial of Palestinian Arabs' self-determination between 1917 and 1948 nor Israel's savage repression, expulsions and attempted decapitation of the movement have weakened the urgency of that drive.

Why can other countries, especially Israel, expect a democratically run state? Let me explain.

Palestinians have succeeded in maintaining their national consensus and sustaining their national, regional and international activities by a system of democratic politics.

As a community whose destiny was in the hands of others, the Palestinian Arabs in the 1960s began forging the national consensus which today underlies their political action.

They insist on their right to a territorial and cultural identity. That right to independent statehood and its implementation by all legitimate means — state and individual terrorism are illegitimate — is internationally sanctioned.

Their right to representation by their freely designated representative,

the Palestine Liberation Organization, was first acknowledged by the Arab states at the Rabat summit in 1974 and has subsequently been affirmed almost universally.

In the struggle to translate their consensus into reality, the Palestinian Arabs have created institutions that organize and mobilize a dispersed population, nourish their identity and promote the achievement of their political program.

In creating these institutions — for example, the Palestine Red Crescent Society (a kind of Red Cross) and Samed Enterprises (a network of small industries) — they offer a vision of a Palestine shared with Israel's Jewish community. The precise mode of sharing will be freely decided by both peoples.

They practice consensual politics — unique in the Arab region — in which each Palestinian, separately or organized, voluntarily participates in the political process. Organized in various unions — trade, teacher, student, writer, artist, engineer, etc. — and in openly political movements (el-Fatah, the Popular Front for the Liberation of Palestine), Palestinian Arabs designate representatives to their principal national political institution, the Palestine National Council.

The council is the equivalent of the U.S. Congress. Its 428 members, drawn from all corners of the world, represent all social, political and economic strata of Palestinian Arab society. It is the most representative



Dukakis vs. Bush: Toward a Foreign Policy Debate

By Stephen S. Rosenfeld

WASHINGTON — The victory of Michael Dukakis in the New York Democratic primary sets up a foreign policy debate.

In one corner, if the New York results hold, will be the Massachusetts governor, who for all his uprightness and managerial manner is vulnerable to the double charge of being new and not fully attentive to national security issues and of representing the left (although not the extreme left) of the Democratic Party.

The center of the broader scheme of things. No doubt Mr. Dukakis is learning, but he still conveys a sense that it is faintly improper for his presidential fitness to be judged by his marks in foreign policy.

In the other corner will be Vice President George Bush, who is nothing if not seasoned and who represents the mainstream of a party whose ailing leader has in important respects quite repudiated his party's hard right. But Mr. Bush is nagged by continuing questions about his involvement in the Iran-contra affair, questions that could sharpen as the campaign goes along.

Strictly from the viewpoint of lively debate, one can regret the second-place showing of Jesse Jackson in New York. It leaves him with a voice in the party, but it presumably diminishes his opportunity to inject his policy line into the larger campaign.

His line essentially skips past the high-policy Soviet-American issues that usually dominate political proceedings and settles on the part of the world — the Third World — that is to

emphasize (Israel aside) to make a Bush-Dukakis confrontation on these issues likely. Mr. Dukakis objected to the Grenada intervention, opposed contra aid and has had difficulty saying whether he thinks a Soviet-aligned Nicaragua would be a threat. He tends to show the liberal Democrats' distinguishing reluctance to condone the use of force to support democracy.

In New York, Mr. Dukakis was perhaps tagged left a bit to meet the competition of the hard-charging Mr. Jackson. Now he comes under pressure to comfort the wider swath of centrist Democrats whose support is essential if he is to have a prayer of licking Vice President Bush.

Mr. Dukakis is described as a unifier who reaches out for consensus, and this may permit him to accom-

modate more conservative Democrats in his party. It may count that on key future-looking issues such as defense spending and the future of Europe he has left some room for learning and maneuver. It may count for more that Mr. Dukakis and many other Democrats really want to win.

Politics aside, the claims of sound policy conveyed to us more deeply into strategic and political issues touching the Soviet Union — and not simply to complain, unproductively, that Ronald Reagan has failed to push arms control strongly enough. The "new" issues — drugs, economic security — are important, but the "old" issues of nuclear security and balance of power have not lost their relevance.

His dismissal of Mr. Reagan's early hard line as a factor drawing the Kremlin into readiness for negotiations (Mr. Dukakis credits Mikhail Gorbachev's enlightenment) suggests that he is overlooking a fundamental point about why nations behave as they do. His treatment of the "arms race" as an objective force divorced from Soviet policy and power helps explain his distance for nuclear weapons, but leads him to some deeply opposing decisions — for instance, opposing Midgetman and the D-5, good second-strike missiles.

To most people, the world is not the same dangerous place that Mr. Reagan said it was in 1980. Hesitant as they are to grant that he had much to do with it, Democrats seize the political opening. But they have a burden to

offer a full-service national security policy. In the Third World such a policy would remedy Mr. Reagan's perceived shortcomings, and in dealings with the Kremlin it would borrow from the mix of resolution and reasonableness that has brought the United States to what even Democrats now accept as a potentially hopeful pass.

The Washington Post

100, 75 AND 50 YEARS AGO

1888: A Way for France

PARIS — The Comte de Paris will issue another manifesto today (April 25), an advance copy of which has been communicated to the Herald.

"Radicalism in power threatens to complete the disorganization of the country. The late striking manifestations of Universal Suffrage are the cry of France, weary of this régime and aspiring for deliverance."

The movement is the natural and logical result of the violence and the scandals which have revolted the public mind, and the abuse of a Parliamentary system in the hands of a despotic party. Nothing is more just than to claim together with the dissolution of a discredited Chamber, the reform of a Constitution which no longer leaves the Nation the right of disposing freely of its destinies."

1938: Sudeten Demands

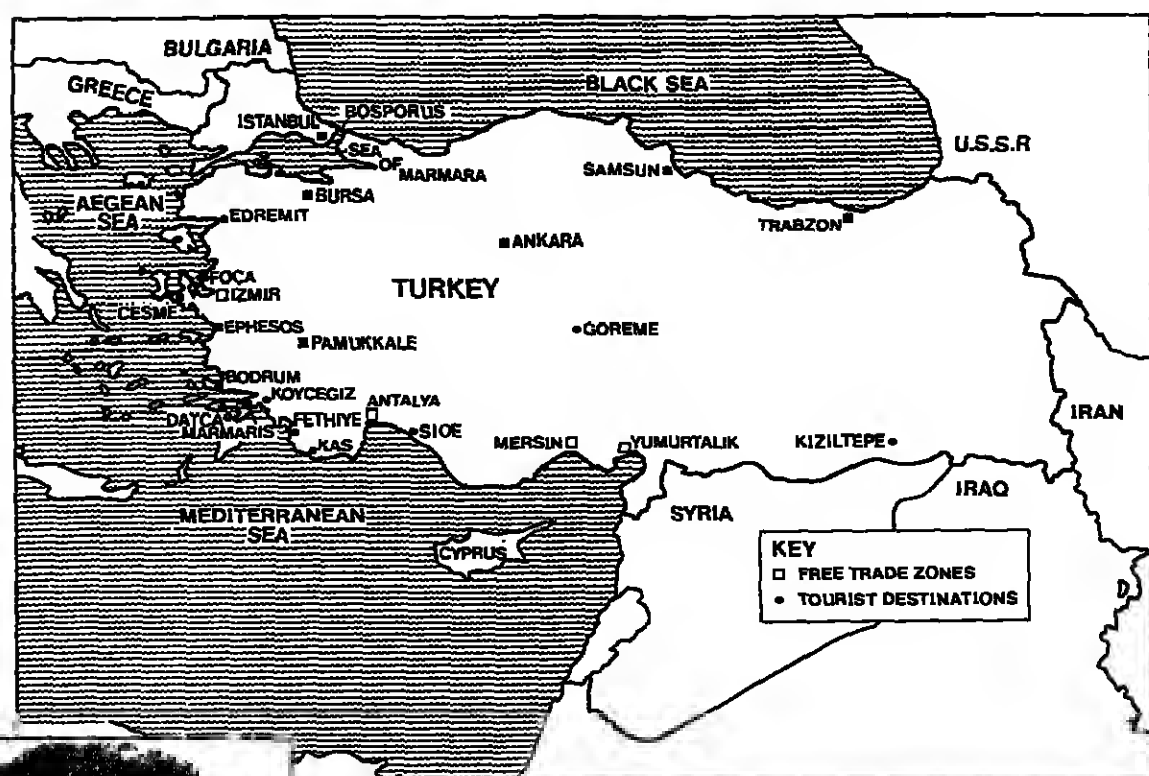
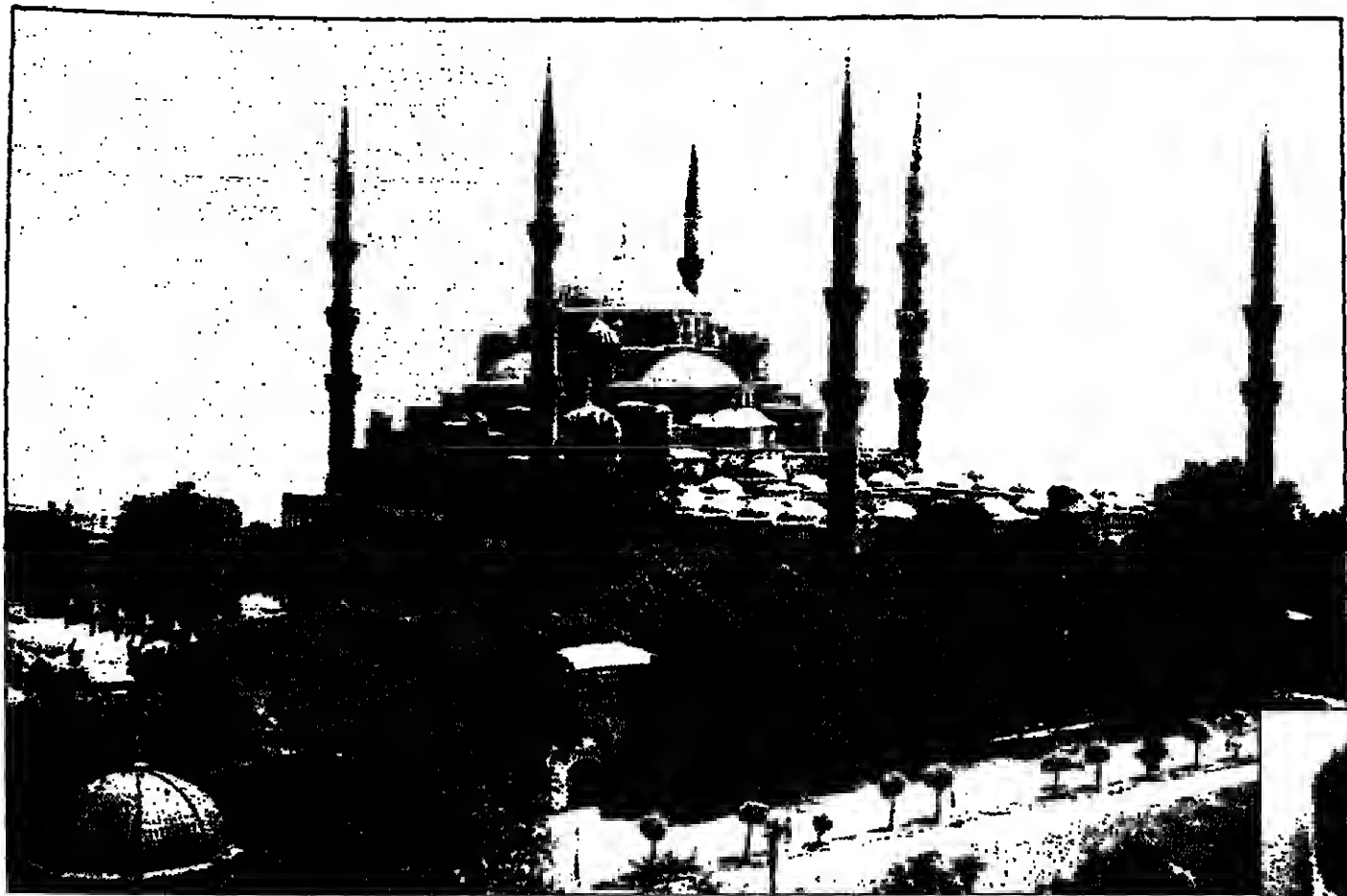
KARLSBAD — Sweeping demands on the Czechoslovak government were made today (April 24) by Klaus Heinelein, Führer of the Sudeten German party, in a speech here at the first party congress. He advanced certain points on the treatment of the German minority in Czechoslovakia that would make Sudeten a state within a state. He demanded the full equality of Germans with Czechs, recognition of the German-settled districts of Czechoslovakia as such, German self-government in these districts, and protection for Germans living in Czechoslovakia outside these districts.

1913: Strike Is Ended

BRUSSELS — The Socialist Congress at the Maison du Peuple voted

مكازم التحصيل

TURKEY



Far left: Istanbul's 17th-century Blue Mosque (Sultan Ahmet, Ottoman period), one of countless sites that continue to draw foreigners to Turkey. Left: Prime Minister Turgut Özal, under whose leadership Turkey has modernized its economy.

Turkey is pressing ahead with its application for full membership in the European Community. It does so with a confidence built on the foundations of a dynamic restructuring of the country's economy by Prime Minister Turgut Özal's government and the enthusiastic backing of a revitalized private sector.

TURKEY, with a land area three times the size of West Germany and the United Kingdom combined and a population of more than 50 million, is an important bridge between two continents. Bounded by the Black Sea to the north, the Aegean to the west and the Mediterranean to the south, Turkey has been a natural trading route between Europe and Asia for 2,000 years.

In the medium term, full membership will bring such benefits as foreign investment, increased aid assistance and, most importantly, an end to barriers on textiles, Turkey's main export.

The Turkish government's 1987 application for full membership in the European Economic Community was the logical outcome of the country's history and geography. Half of Turkey's land borders are with European states: the Soviet Union in the north and east and Bulgaria and Greece in the northwest. To the south lie Iraq and Syria, and to the east Iran. Part of Europe or part of the Middle East? The question can be confusing to outsiders as well as Turks.

Turks feel justifiable irritation with those who would dismiss its application to the EC in view of Turkey's major military commitment to NATO, of which it has been a member since 1952. "Turkey cannot just be regarded as the Eastern wing of European defense," commented Omer Dincok, chairman of the Turkish Industrialists and Businessmen's Association and head of Aksoyk, a leading group of companies with 9,300 employees. "Too often people tend to identify differences between Turkey and Europe. It is the wrong approach and could be applied to existing EC members. So many new things have started here. A giant step forward has been changing the status quo mentally and physically."

Ataturk (the founder of modern Turkey) offered the most succinct answer when he said: "For centuries the Turks have walked from the East in the direction of the West." Today's Turkey is even more Western in outlook by virtue of its large-scale economic restructuring, the most dynamic event for the country since the foundation of the republic 65 years ago.

Once mainly agricultural, three-quarters of Turkey's export sales today are industrial products, ranging from textiles, chemicals, fertilizers and vehicles to consumer durables and processed foods.

The modernization and liberalization of Turkey's economy is strengthening the country's private sector, which in turn is stimulating relations with industrialized countries.

Despite post-election inflationary pressures, the long-term outlook remains good. The gross national product grew 5.2 percent in 1985, 8 percent in 1986 and 7.4 percent in 1987 — higher than the original government target of 6 percent.

Turkey views its quest to join the EC as a step on the way to becoming a comparable industrial and trading power in the first half of the next century.

In the future the government expects to achieve an export-led growth of 7 percent a year. In 1988 exports are

expected to rise to \$12.3 billion, a 22 percent increase over the previous year, while imports are forecast to remain stable at \$14 billion. By 1992 exports are expected to have climbed to \$20 billion a year.

Substantial infrastructural development is expected to continue for several years, providing new highways, additional port capacity, telecommunications, energy programs and a natural-gas pipeline network.

The high level of development is enabling Turkey's civil engineering firms to sharpen their skills. The highly successful GAMA firm, for example, set up its own systems design office for power-plant engineering. Such moves are in keeping with government moves to promote all types of industrial research.

According to Minister of State Adnan Khaverci: "Turkey is at a stage where it needs to carry out indigenous research and develop new products and increase their marketability. Textiles, machinery, chemistry, furniture — things have to be original."

The new Turkey is also encouraging entrepreneurs like

the brilliant Asil Nadir of Polly Peck International. This controversial but consistently profitable group often acts as a leader into new markets. Polly Peck's recent signing of a franchise agreement with PepsiCo Corp. to set up a fast-food restaurant chain in Turkey is an indication not only of increasing tourism but also of Western consumer trends developing in Turkish society.

Probably the biggest shakeup occurring in the Turkish economy is the privatization program, a major plank of the government's reform policies. Prime Minister Özal has said: "This program will change the economic and social landscape of Turkey, and will help us attain the levels of the advanced Western countries in the real sense of the word."

A more energetic capital market is also expected to boost the economy by encouraging competition and forcing industry to produce more market-oriented products, while income from shares will be recycled into new investment.

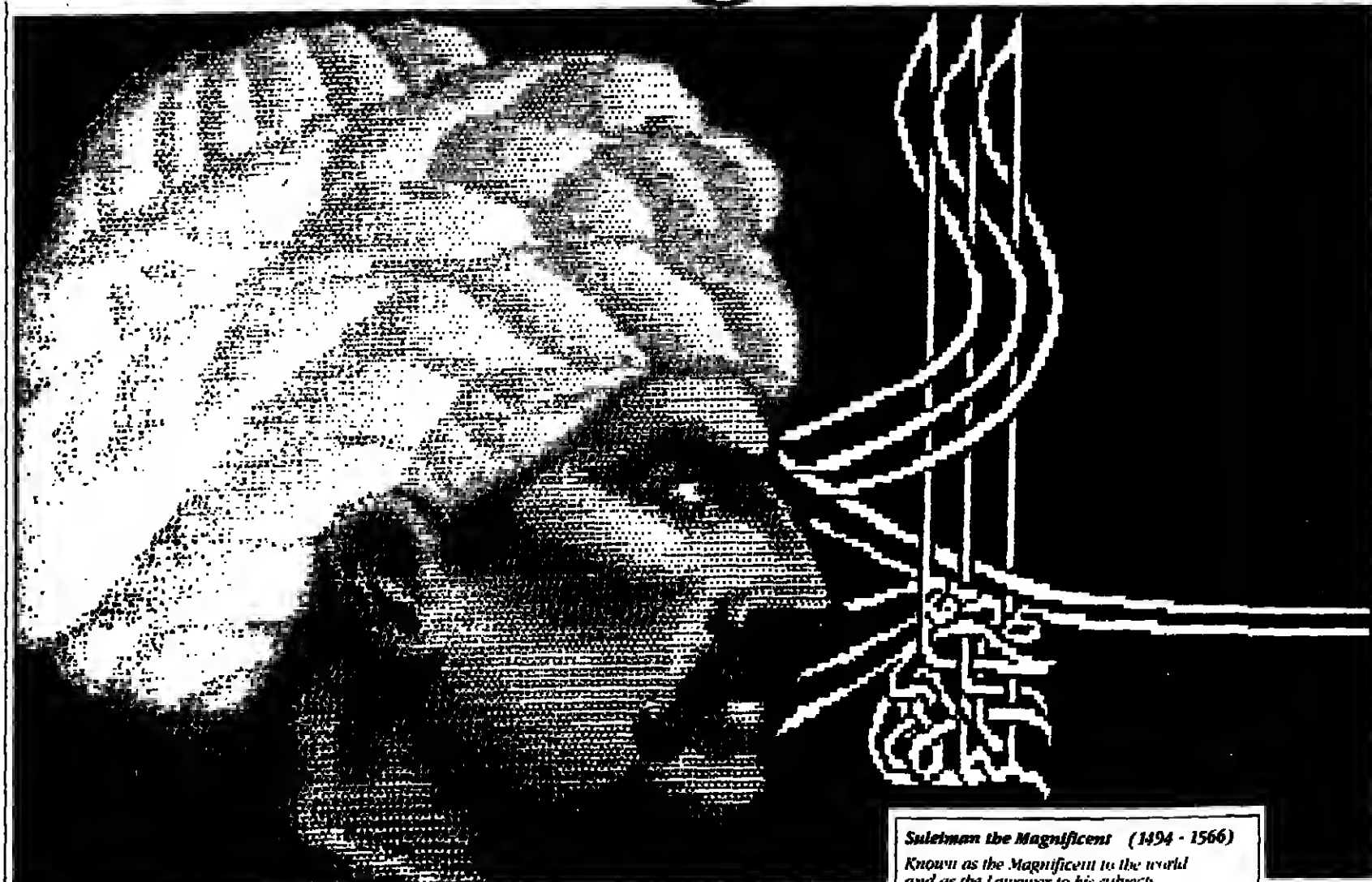
"We are a nation of capitalists, but passive ones. We want to mobilize savings," comments Cengiz Israili, advisor to the prime minister on the privatization program. Israili, a former Morgan Guaranty vice president, returned to Turkey in 1986 and regards the recent sale of government shares in telecommunications producer Teletas as a milestone in the financial area.

The issue was six times oversubscribed in a tight market and an atmosphere of high interest rates. The basics of such an issue — independent auditing by international accountants, a detailed prospectus, a 15-page underwriting agreement — are normal in more mature markets like London's but were a breakthrough in Turkey. They augur well for further planned sales of government shares later this year in cement plants, the Turkish Airlines subsidiary USAS and Tourism Bank's hotel interests.

Turkey is on the move. Its sights are set firmly on the EC. Perseverance and patience are what the country needs for the application to succeed. No problem seems insoluble, even the thorny question of relations with Greece. The summit meeting at Davos in January between the Turkish and Greek prime ministers has done much to improve a smoldering feeling of distrust between the two countries, and created a basis for regular contacts at all levels.

— Anthony Richard

Knowledge leads to success.



Suleiman the Magnificent (1494 - 1566)
Known as the Magnificent to the world
and as the Lawgiver to his subjects
Being the conqueror on three continents,
he ruled the Ottoman Empire with great
strength and brilliance. The country lived
through its golden age during his 46-year reign.

Computer image by E. Senan

Ask any historian...
Sultan Suleiman's success derived from his immense knowledge on the affairs of state, arts and culture.
TEB—the bank for select clients and prime correspondent banks has the same philosophy:
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Legalizing Drugs Isn't The Way

By A. M. Rosenfeld
NEW YORK — Last Monday, before the New York appearance before the Senate of 1,300 business people, social workers and others brought together by the American Society for a Better New York, almost over, somebody asked an important question: "What has made drugs a major problem? Since it is so obvious that we

You don't hear the likes of... defended by someone who ever loved a job

winning the war against drugs... not try legalization?

Mr. Jackson's answer was simple and direct as the question do not win a war by conventional

That will not stop the drug course. The worse the economic

destroyed lives, the more the murders, the deeper and the

flow of corrupting drug money governments, the more often the

comes up about drug legalization

I assume that everybody who gets

about drug abuse as a national people who believe that legalization

one form or another is the answer. The supporters of legalization

cross political lines left and right

This is the gist of their argument

Hundreds of thousands of people are

forced to break the law in a society

rejects their particular choice while

accepting the choice of others. Hundreds of millions of

lars spent on law enforcement, waste, and could be used for drug

education. Legalization would take the profit out of the drug

eliminate the corruption and the fortune in taxes. It would mean

abuse but it would allow us to handle it

honestly and openly with a case — as we do with alcohol

addiction, which causes more deaths than cocaine or

There is some truth in many points, but when you put it

together as an argument for legalization, the whole argument falls

apart. The reason is that legalization

really ought to be the result of a

philosophy about the underlying philosophy

of a society, not a set of rules. It is

not a matter of whether we want to

legalize drugs or not. It is a matter of

whether we want to live in a society

where people are free to do as they please

or whether we want to live in a society

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Record Export Sales Ease Current Account Deficit

In its first four years, the government of Prime Minister Turgut Ozal undertook far-reaching liberal reforms of an economic order that had been more akin to those of Central Europe than those in the West. Much still remains of the closed, pre-1980s regime, but with a strong majority won in the November 1987 general elections, Mr. Ozal is poised to forge ahead with renewed vigor in his planned transformation of the economy.

However, no one in government, industry or finance pretends that 1988 is going to be an easy year, as the government grapples with a hangover from relaxed economic controls during 1987. On the other hand, most bankers and businessmen are confident that Mr. Ozal and his team of technocratic advisers can cope, and that the difficulties will ease in 1989. This confidence is grounded in steadily improving trade figures, and the firm measures taken in February to bring the economy back on course. During the run-up to the elections, overspending, excessive domestic borrowing and a widening budget deficit led to economic overheating and a soaring year-end inflation rate of around 65 percent.

By the end of January, monetarists and those urging restraint in higher economic-planning councils had won out over expansionists calling for sustained high growth rates. The government's new mood of austerity is summed up in a cautious 5 percent growth target this year, compared with the 6.8 percent in 1987 and 8 percent in 1986. It intends to halve inflation to around 33 percent.

But the government's confidence remains high in the continued remarkable growth in exports and two-way trade volume since fundamental economic reforms in 1980 launched Turkey on an outward-oriented path. Export sales reached record highs in 1987, in the autumn surpassing \$1 billion a month for the first time. As a result, the current account deficit for the year was well below \$1 billion, compared with \$1.6 billion in 1986, largely the result of decreased business with the Middle East.

Exporters adapted quickly to the changing markets, and switched their efforts instead to the expansion and penetration of markets in Europe and North America. The Middle East was a training ground for these more sophisticated arenas, say traders — reflected in the fact that exports to OECD countries in 1987 rose by 50 percent to total \$6.44 billion. Over the same period, sales to the Middle East also recovered to register a 22.7 per-

To ensure the foreign-exchange revenues needed during an exceptionally heavy year for external-debt servicing, the government is aiming for export-led growth this year, rather than the explosion in domestic demand in 1986 and 1987 which fueled inflationary tendencies. External debt increased to around \$37 billion in 1987; in 1988, foreign-debt servicing in interest and principal payments will total upwards of \$6.5 billion, a heavy yoke for a developing country to shoulder. By dampening domestic demand, the government hopes to force companies to export more.

Exports have been targeted to rise by 23 percent this year to a record total of \$12.3 billion, with imports remaining roughly constant at around \$14 billion. The current account deficit — which worked out at around \$985 million in 1987 — will fall further in the face of larger foreign interest payments from a low of \$1.6 billion in 1986 to around \$828 million this year, officials predict. In-

ment in the budget totals TL 3.46 trillion. The government has firmly stated that few new large infrastructure projects will be initiated in 1988, and that it will concentrate on finishing schemes already underway. The carryover from 1987 is sizable: project credits, despite the cutbacks, are expected to keep pace with inflation at a total of TL 640 billion this year compared with TL 355 billion in 1987.

The government will look more favorably on "build-operate-transfer" (BOT) projects, which theoretically do not affect the government's debt balance sheet because private-sector concessions raise their own construction financing. BOT has been proposed for schemes as diverse as the Third Bosphorus Bridge, large thermal power stations and free trade zones.

Rather than embarking on fresh infrastructure construction programs, over the next two years the government will probably concentrate on structural reforms such as denationalization of the state economic enterprise sector, in an effort to increase efficiency and improve management techniques. The government's first privatization exercise, in February, the selling of shares in the telecommunications manufacturer Teletas, went sufficiently well to encourage more substantial issues in the late spring and early summer.

During the next two years the government will probably still have to face periodic short-term crises, like the run on the lira in the unregulated *tahsilat* foreign-exchange markets in late January and February. In the medium term, however, international

agencies like the World Bank and the IMF are confident Turkey can weather its temporary difficulties, as long as the government adheres to its present policies. Indeed, Turkey is held up as a model of financial rectitude in a developing world where reschedulings and virtual defaults are all too common.

According to projections, the pressure of debts rescheduled in the late 1970s and early 1980s will ease slightly, giving the

government much-needed breathing space. In the 1990s, with the expected sharp falls in external dues, the economy could take off toward Mr. Ozal's dream of Turkey being a powerful international trading and industrial nation, after the Japanese and South Korean models, in the first half of the next century.

Long before then, the official hope is that Turkey will have become a full-fledged member of the EC, with all the benefits of free

trade, European investment in Turkish commerce, industry and agriculture, and — last but not least — Community aid to some of Turkey's less developed regions. Turkey's full EC application met with a less than enthusiastic reception in most European capitals last year, but relations between Ankara and Brussels have nonetheless come a long way since the period following the 1980 military coup.

As the mechanics of

Turkey's EC association agreement are overhauled, the prospects of entry in the next decade seem more promising. The biggest obstacle to full membership — hostile relations with Greece — has already been removed in large part, thanks to the breakthrough at the Davos international forum in January: the venue of a mini-summit between Mr. Ozal and his Greek counterpart, Mr. Andreas Papandreu.

— John Lester

The government hopes to control growth and sharply curb inflation.

cent increase. However, these increases have stirred up protectionism in other OECD markets, which have introduced quotas, particularly for textile goods. If quotas were not in force in the United States and Canada, for example, textile firms say they could sell twice as much with little difficulty; they have already learned to live with restrictions in the European Community.

Increased receipts from tourism — now fully recovered after a slump in 1986 — and workers' remittances will help to bring the deficit down. Just how much of a millstone external payments have become is amply illustrated by the fact that transfers account for more than half of the TL 20.84 trillion (\$17.138 billion) total budgeted in 1988. By comparison, spending on invest-

Investors Attracted by Incentives

UNTIL January 1980, when Turgut Ozal, then a top civil servant and today the country's prime minister, launched a drive for foreign investment, Turkey was not seen as a major investment opportunity for foreign investors. This has changed in the 1980s.

"We get one or two new faces showing up in the foreign business community here each month. The foreign investment presence is growing steadily, even if it does not match up to the predictions sometimes made for it," says a Western diplomat in Istanbul.

The inflow of foreign direct investment to Turkey was \$125 million in 1986 and around \$115 million in 1987. That isn't to say that only a few firms are willing to put money into Turkey, only that foreign investors tend to be small.

The major multinationals set up in Turkey mainly in the 1950s and 1960s. The typical investor of the 1980s has been small, perhaps making the minimum

investment allowed of \$50,000 for a small trading operation out of Istanbul.

But there have been some big fish, too. Last autumn the National Can Corporation opened a plant at Manisa near Izmir. Johnson & Johnson set up in Istanbul three years ago. The biggest-ever investment in Turkey was made in the 1980s — the \$4.1 billion deal between the General Dynamics Corporation and the Turkish air force.

"What Turkey needs," says the foreign diplomat, "are several more deals of that sort of scale. They would show the international community that Turkey is going places."

In order to encourage foreign businessmen to make this sort of commitment, the Ozal government has pressed hard for foreign consortia to adopt its "build-operate-transfer" model for large energy and infrastructure projects. The idea is simple. Instead of relying on traditional project finance, a consortium of foreign investors form a joint venture with a Tur-

ish agency, and build and operate a power plant, road or airport until they have got an agreed-upon return on their money.

Most foreign businessmen already in the country agree that it offers superb opportunities for foreign investment. These include a lively local market of 55 million people, a good basic infrastructure, easy access to both European and Middle Eastern export markets and, above all, a cheap but relatively skilled labor force.

The drawbacks? Most businessmen in Istanbul would agree that infrastructure, such as transport and telecommunications, has gotten a lot better, but there is still room for improvement. Most, however, would cite bureaucracy as a problem.

It is a problem that Prime Minister Turgut Ozal has been steadily chipping away at during the 1980s. To that end he set up the Foreign Investment Department, currently headed by Dr. Ibrahim Cakir, a section of the State Planning Organization. It approves most foreign investment applications and acts as a "one stop" agency that enables foreign companies wanting to set up in Turkey to consolidate most of their legal and administrative formalities.

Mr. Ozal has also been the moving spirit behind Yasod, an association of foreign companies that actively lobbies the government

on the needs of the foreign investor.

Once upon a time, foreigners believed that it was usually wisest to come into Turkey on a joint venture. Not anymore. The government no longer insists, as it did 10 years ago, on a large local stake in a joint venture. It also welcomes 100-percent-owned foreign investment.

"Our advice nowadays is for companies to come in by themselves and to hire good local people for themselves," says the Istanbul manager of one foreign bank. "That seems to make for a better working environment all around, and the days when it was resented by the local people are now over."

To attract foreign investors, the government offers substantial tax breaks for plants located outside the Istanbul/Marmara region and other developed areas. Exporters can expect particular encouragement.

Mr. Ozal's second election victory last November is seen by many businessmen as a sign that Turkey is now a strong long-term investment opportunity. "I believe the election results were a green light for lots of previously undecided investors," says the Istanbul diplomat. "We can expect to see the foreign investment presence in Turkey steadily broadening in the years ahead. And I can tell you that those who do take the plunge will be pleased with what they find here."

— Thomas Faulkner

TOP PERFORMANCE

ASSETS	Balance sheet as at 31.12.1986 US \$	Balance sheet as at 31.12.1987 US \$	Increase %
Cash and due from banks	879,953,698	875,719,190	
Reserve requirements	275,599,947	284,668,832	
Treasury Bonds	217,905,808	499,851,295	
Loans	910,247,387	830,507,615	
Participations	89,744,675	78,648,163	
Premises and equipment	66,873,925	79,018,884	
Other assets	303,079,772	445,870,728	
Total assets	2,743,405,212	3,094,284,707	12.8
LIABILITIES			
Deposits	2,142,329,673	2,352,298,091	
Central Bank	9,831,988	533,349	
Other liabilities	332,780,791	369,119,583	
Total liabilities	2,484,942,452	2,721,951,023	9.5
STOCKHOLDERS' EQUITY			
Capital *	66,146,316	117,837,679	
Reserves	93,214,711	89,648,925	
Profit (after taxes)	99,101,733	164,847,080	
Total stockholders' equity	258,462,760	372,333,684	44.1
Total liabilities and stockholders' equity	2,743,405,212	3,094,284,707	12.8

*Capital has been increased to US\$ 245.5 million as of March 1988

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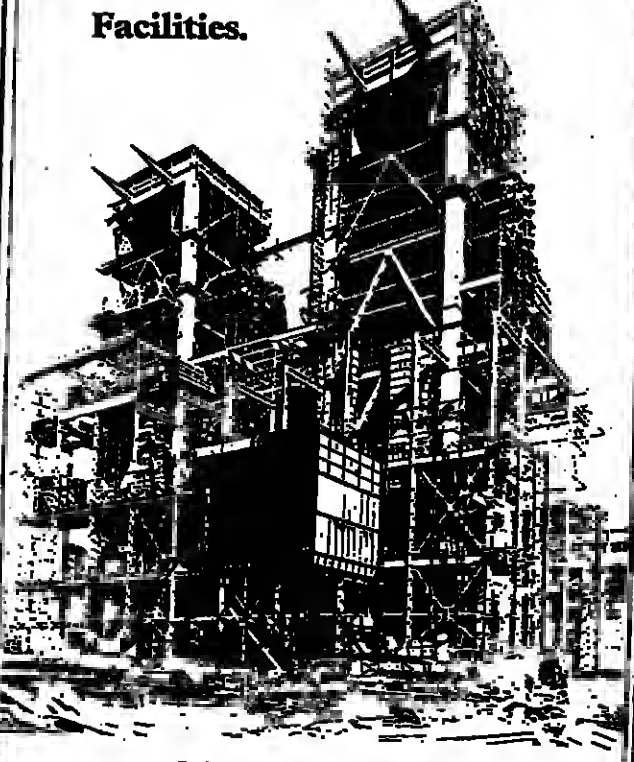
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مكتبة الأصيل

ADVERTISING SECTION

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Banking: New Players and New Products

A revolution is under way in Turkey's financial system. New players are moving into the marketplace and financial products unknown 10 years ago are now being routinely traded.

The most important development in the last year has been the appointment of a former IMF economist, Dr. Rusdu Saracoglu, as the governor of the Central Bank. Dr. Saracoglu is recognized as a man of the 1980s. He wears Brooks Brothers shirts and speaks English with an American accent, the result of long years teaching and working in the United States.

When Dr. Saracoglu talks, it is about things previously unheard of in Turkey. He wants to see a balanced budget, lower GNP growth at least until inflation is checked and tight control over the money supply. His misfortune is that he took office last summer on the eve of a general election, and business and banking in Turkey this year are dominated by post-election belt-tightening.

Dr. Saracoglu is not the only new face in Turkish banking. Turgut Ozal's general election victory was the signal for a major turn-out in the country's powerful but previously highly conservative state banks. Bulent Semiler, 32, who had been running the Anadolu Bankasi since August 1986, was allowed to take over the Turkiye Emlak Kredi Bankasi, the country's third largest bank

Mr. Semiler has united the two banks into the Turkiye Emlak Bankasi, known as the Konutbank. The process of restructuring may take several years, but out of it a new and much more competitive bank is expected to emerge, capable of competing with the private sector banks.

At about the same time, the prime minister appointed Coskun Ulusoy, 34, as the chairman and general manager of the Turkiye Ziraat Bankasi. Ziraat is

Former IMF economist to head Central Bank.

Turkey's biggest bank by far with around 45 percent of total deposits of the national banking system. Traditionally, the bank has played a national role far beyond its original function of supplying credit to farmers.

Mr. Ulusoy, a U.S.-trained banker who had been the Istanbul representative of the British merchant bank Morgan Grenfell until summoned to Ankara by Mr. Ozal last year, has taken the bull by the horns. Within days of being appointed general manager of Ziraat, he announced a review of its entire lending operations. He rapidly came into head-on conflict with both the bank's entrenched bureaucracy and a large number of vested interests in the business world, who had been accustomed to borrowing

from the bank with few questions being asked.

Mr. Ulusoy — and through him, Prime Minister Ozal — is trying to eradicate those inefficiencies and suspect practices in the state banking system that probably cost the country several percent of its gross national product every year and fuel inflation.

A shakeout in the two major state banks would, it is argued, generate significant financial resources for the economy as a whole, freeing them to contribute to the growth of an internationally competitive economy.

At present the lively parts of the economy are in the private sector in Istanbul, where there are three sorts of player on the market. The first is represented by Akbank, a large private sector bank owned by the Sabanci group and run on

very traditional lines. It nonetheless makes the highest profits ever seen in the Turkish banking system.

Pitted against the Akbank is Yapi ve Kredi Bankasi, which belongs to the Cukurova Industrial Empire. Yapi ve Kredi was shaken by Turkey's economic turnaround in the early 1980s, and it was only last year that it clawed its way back to genuine profitability. This year's results will be watched with interest to see whether, under a new general manager, Burhan Karacam, its progress is being maintained.

The larger private-sector banks have been squeezed hard in the last few years in Turkey. The shift to realistic interest rates has left them facing serious dangers. Currently, one-year time deposits fetch 65 per-

cent, about 17 percent more than a year ago. Lending rates have to be at least 30 percent higher in gross — and finding safe customers at that sort of interest level is next to impossible.

Banks have been living for several years with a growing volume of bad debt which has caused more than half a dozen small banks to shut their doors in the 1980s. Their liabilities were mostly absorbed by Ziraat and other state banks.

The government and the Central Bank have been prodding banks to increase their provisions against bad debt for several years. Two years ago a scheme for capitalization of bad bank debt was introduced.

Profits are being made by two other groups of banks: foreign banks which came into the country after 1980, and small efficient local banks specializing in trade finance and, more recently, investment banking. There are now 21 foreign banks in Turkey out of a total of about 60. The foreign contingent is led by U.S. giants such as Citibank, Manufacturers Hanover Trust and Chase Manhattan.

The marketplace in which they operate is sometimes a difficult one. In the first few months of 1988, Turkish banks were insisting on payment requirements of 25 percent or more on imports before they would issue letters of credit. This was the result of a foreign currency shortage caused by the pre-election spending spree in 1987 and the less-than-stringent monetary policies that went with it.

But with Turkey's trading performance stronger than ever, the more skillful of the trade finance banks still seemed poised to continue their successes of the last few years.

Top Banks Record Impressive Year



Mr. Zafer Basak, member of the board, Turkish Economy Bank.

Alsoy singles out the new perception of the bank and Turkish banking in general by the outside world.

"When I started, one had to work very hard to get international markets interested. Now we can do straightforward packages, send out a syndication telex and know we will get a reply."

Like a number of other financial institutions, Iktisat has taken full advantage of the country's telecommunications modernization and the availability of reliable telephone lines. As a result Iktisat has spent \$8 million on a computerized system using U.S. Security Pacific software, the only real-time system in Turkey able to handle letter of credit transactions, according to Mr. Alsoy.

Technology is streamlining international operations. Forty of Turkey's 15 Bankasi's 925 domestic branches are online to the Istanbul's busy London office. The computer links facilitate trade finance business by avoiding the time-consuming process of routing transactions through the bank's head office in Ankara.

Intetbank, which installed the first real-time computerized operation in Turkish banking, and Yapi Kredi, with its 600 branches, also identify investment in banking technology as a major factor in solidifying their positions over the last three years.

The state-owned Tobank as well is currently seeking to computerize its 117 branches, and is evaluating bids from NCR, IBM and Nixdorf. This forward-looking attitude underlines the positive view Tobank's new management is making of prospects for restructuring

the nonperforming loans that led the government to intervene and boost the then-private bank's capital to \$5 billion TL from 4 billion TL in 1986.

In line with a growing trend, Tobank is likely to seek an independent auditing of its accounts in the future. The move mirrors a desire through the Turkish banking sector to display rectitude both in the domestic and international areas of its operations.

"Being mostly involved in trade financing has kept us away from the nightmare of bad-debt financing," says Turk Ekonomi Bankasi director Zafer Basak, who adds: "We do not pretend to be a huge bank, but turn out to be one of the most profitable in our business. Our client base is select. We try and keep it industrial and limited to those involved in important export business."

A small merchant bank — one of the first to be independently audited — TEB is also an enthusiastic promoter of computerization. It has recently launched a separate firm, Biltim, to provide clients with software and hardware consultancy.

About the future, Professor Basak comments: "I am very optimistic because, frankly speaking, Turkey has been changing before my eyes compared with conditions 25 years ago." This positive view is shared by Ozer Guney, general manager of Esbank, which in 1987 virtually doubled all its figures: "I feel that 1988 can again be profitable. The economy can cope with the higher cost of money. I hope, and feel, we will have few problems."

A.R.

Turkey's EC association agreement are overhauled, the prospects of entry in the next decade seem promising. The biggest obstacle to full membership — hostile relations with Greece — has already been removed in large part thanks to the breakthrough at the Davos international forum in January: the agreement of a mini-summit between Mr. Ozal and his Greek counterpart, Mr. Andreas Papandreu.

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— Thomas Fawcett

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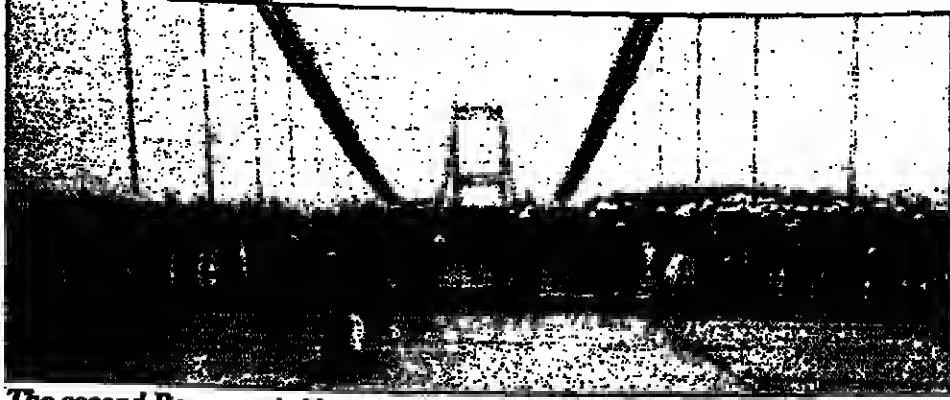
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ADVERTISING SECTION

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Bridging the Bosphorus



The second Bosphorus bridge is due to open on May 29.

THE Bosphorus bridge, as the link between Europe and Asia, has always occupied a special place in the history of the eastern Mediterranean. Through its portals, Jason and the Argonauts of mythology sailed in search of the Golden Fleece; on its European shore in 324 A.D. the Byzantine Emperor Constantine founded the capital which came to bear his name; and in the 20th century it is the Soviet Union's only southern naval access

to the Mediterranean. Bridging the Bosphorus has a special significance beyond the immediate cost and purpose; it is imbued with the history of the city and the waterway as well. To this is added the spectacular majesty and grace of an overarching suspension bridge with cable stays.

The first bridge across the Bosphorus, then Europe's largest suspension bridge, was completed in 1973. It quickly became a local landmark, as much a part of the city as the Galata tower, the Ayssofya Mosque and the Byzantine city walls.

By the late 1970s and early 1980s, however, it was apparent that another bridge was needed. Heavy trucks involved in the booming transit trade to the Middle East needed to be diverted away from the toll booths for local traffic.

The bridge was designed to carry 80,000 vehicles a day, but frequently has to cope with 115,000 or more. In 1987, it carried a total of

4 million vehicles, of which 3.1 million were cars.

A \$551 million contract to build a second bridge together with its approach roadways was awarded to a consortium of local, Japanese and Italian contractors in May 1985. A fierce tender competition had brought into contention British and Japanese aspirations for the prestigious project, particularly since the first bridge was built by a British company.

In something of a civil engineering feat, the towers, cables and deck of the second bridge were completed well ahead of schedule, largely through a novel construction method of swinging the deck sections through a series of leapfrog maneuvers out along the main cables.

Once roadways have been laid across its deck, the bridge will open on May 29. It will be called the Fatih (Conqueror) bridge, after the Ottoman Turkish Sultan Mehmet II, who led the Moslem conquest of Constantinople on the same day in 1453.

The second bridge has been designed on the same principles as the first, though with modifications. The original designs were drawn up by the British firm Freeman Fox & Partners, which also designed the first bridge. The new structure clears the Bosphorus in a single main span, high above the tankers, ships, ferries, fishing boats and pleasure cruisers on the water below. It has four lanes in each direction, compared with the first bridge's three, and a design loading twice as heavy.

The second bridge serves as a vital link in the Trans-Anatolian highway, a Europe-to-Asia route running from the Bulgarian border up to Ankara. Major construction contracts to upgrade and build the rest of the route were awarded after the contract for the second bridge as part of a massive and ambitious toll road construction program. In time, the government hopes to complete the fast expressway all the way up to the Iraqi border crossing at Habur.

But before then, Istanbul could have a third bridge across the Bosphorus, this time erected on the "build-operate-transfer" (BOT) contracting model. The third bridge will be part of a planned local traffic ring road through Istanbul's historic center, which will also include a tunnel under the Bosphorus at the other end of the arc.

Tenders for the contract to build this structure, larger and longer than the other two bridges — it will have three spans, two subsidiary and one main — were returned in February. In just over two decades, the Bosphorus link will have been transformed more fundamentally than since Constantine first founded his city.

Tourism Bank's Hotel Interests to be Privatized

TURKEY'S state-owned Tourism Bank is a unique institution. It was set up in 1955 with the specific mandate of assisting the development of the country's tourist industry.



Serhan Altinordu, chairman, Tourism Bank.

At the time of the bank's establishment, the private sector was unwilling to invest in a sector that hardly even existed. Facilities needed to be developed, and Tourism Bank began to build up its Turban chain of hotels, campsites, marinas and other facilities, which have established a high reputation in Turkey's tourist market.

The 25 properties that comprise the Turban chain, including a travel agency, are now to be divested as part of the government's privatization programs. The bank's pioneering role in establishing industry standards is over.

"We asked the government to consider our tourist operations as a candidate for privatization. We cannot act as a banker and operator," says the bank's chairman and president, Serhan Altinordu, referring to the huge expansion taking place in this area.

Tourism's potential as a tourist destination is reflected in more than 8,000 kilometers of unspoiled coastline, as well as a climate and antiquities that are as attractive as any found in the Mediterranean and Aegean regions.

Tourism is no longer be-

trate now on financing the sector's needs, and are trying to train our staff to adopt a merchant banking role. The next step is for the bank to use its whole financial, human and other resources to meet the sector's needs," Mr. Altinordu comments, adding that he envisages demand for a further 200,000 beds costing \$3 billion over the next few years.

The bank's divestment of its hotel and other interests is due to be completed this year, leaving Tourism Bank to concentrate on its banking activities and providing services to the sector. A new image has been planned as a result of deliberate credit policies in the last two years aimed at preparing the bank for a new take-off phase following completion of the privatization process, he adds.

Gearing up to meet the increasing demands of the fast-expanding sector has meant Tourism Bank's borrowings have increased tenfold since 1984, the latest being a private placement in February by Nikko Securities of 10 billion yen.

Improved techniques for applying funds have also been an important growth factor. The bank's line of financing can be extended up to 10 years. Repayment of principal and interest is not required during the construction phase of a hotel, while a grace period on payments is also permitted between the building phase and start-up of operations. The aim is to allow an investor time to stand on his own feet, says Mr. Altinordu.

New Tone to Relations with Greece

THE breakthrough in previously hostile Turco-Greek relations at the minisummit between Prime Minister Turgut Ozal and his Greek counterpart Andreas Papandreu in Switzerland in January could well prove to be one of the most important developments between the two countries this century. If the fragile accord holds together, it could be the foundation of a new era of political and economic cooperation in the eastern Mediterranean, say Turkish officials.

Though differences be-

tween Ankara and Athens still run deep, the new accord is a rapid and astonishing turnaround from just over a year ago, when the two countries were on the brink of open warfare over mineral and territorial rights in the Aegean.

Since the minisummit at the Davos international economic forum, concessions that have paved the way for a durable dialogue include the return of Greek assets frozen in Istanbul in the 1960s. The accord was developed further at another meeting between Mr. Ozal and Mr. Papandreu at the NATO sum-

mit in Brussels in early March.

The two sides have busily set about formalizing the accord. A joint committee has been established, for example, to discuss friction in the Aegean; another will examine areas of potential cooperation, such as trade, tourism and shipping. Turkish and Greek businessmen immediately seized on the opportunities promised by the accord to form joint bodies to further commerce between them. Banking looks to be the most promising area at present.

Anxieties on both sides

still threaten the new-found amity. Turkey's full membership application to the European Community still meets with Greek resistance.

Turkish officials stress, however, that Greece cannot afford to ignore the economic potential of Turkey as an industrial and trading power in the eastern Mediterranean, and would do well to seek cooperation in EC matters sooner rather than later. Turkey is a more natural trading partner for Greece than many other EC members, they say.

—J.L.

The number of tourists to Turkey doubled in just five years.

2.6 million in 1985. There is a generally expressed desire to develop the top end of the market, and this will continue to mean a substantial and accelerating investment in high-quality accommodation.

"We want to concen-

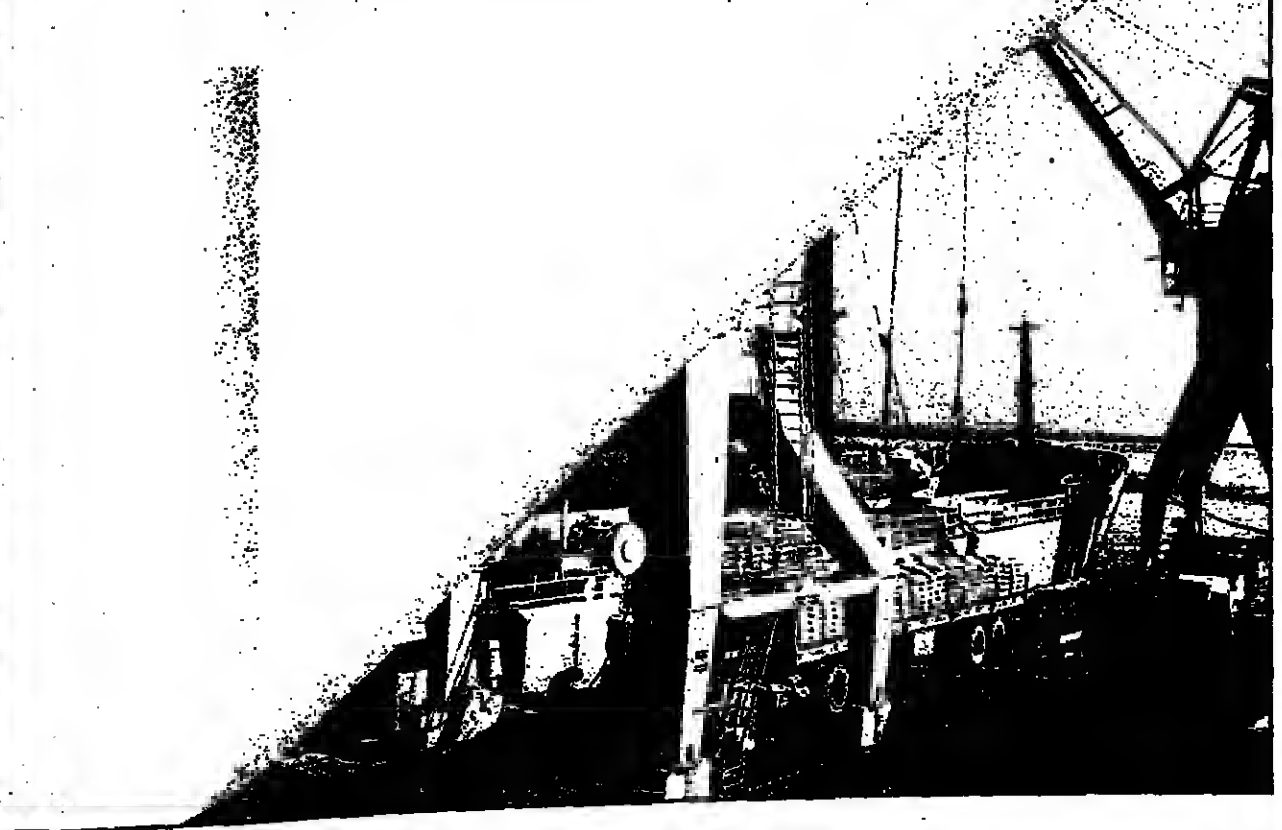
—A.R.

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made a profit of 5.4 billion Turkish liras after tax. Akbank has also had a fully owned subsidiary in London since 1983, which was set up with equity of 15 billion TL to provide a flag carrier and export window on international banking business," according to Mr. Sabanci. In 1987 the subsidiary made a 1.9 billion TL profit.

Akbank, which has 617 branches and employs a staff of 8,900, handles some 10 percent of Turkish deposits. "We want a higher percentage," says Mr. Sabanci, who points to the \$40 million spent on computerizing 160 of its branches recently.

Turkey's growing tourist income is also a target. Akbank is participating in two new Hilton Hotel schemes: a 363-room hotel being built in Ankara and a 250-room establishment planned for Mersin.

The bank is part of a group rated 174th in Fortune magazine's 1986 list of international corporations. The group has the country's largest cement interests, is second in Turkey only to Unilever in margarine production, is the biggest textiles group in Turkey and largest packaging group in the country as well as the largest polyester fiber producer in the Middle East.

Although Akbank's prestige is impressive, Mr. Sabanci admits that inflation is still a problem. However, he states, "I am an optimist, because the government will tackle the problem very seriously and make regulatory changes in money market activities."

—A.R.

sive

my longer-term fiscal measures will be needed to reduce the budget deficit to manageable size.

Meanwhile, the bank's directors point out that Turkey's geographic position between the European and Middle Eastern markets provides grounds for long-term optimism. "In the next three to six months we want to watch rather than step on the gas pedal, but we remain cautiously optimistic," they say.

—A.R.

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Turkey 205 Aks: Tr



An Istanbul bed linen factory owned by Mensucat Santral.

Textiles Firm to Double Production

TURKEY's textile and clothing industry is the country's most important industrial activity, accounting for more than \$2 billion in export earnings and one-third of manufacturing employment. In terms of efficiency and productivity, however, performance in this sector is far from uniform.

The main thrust of the export effort comes from Turkey's specialized textile producers. A modern and successful company, Mensucat Santral, typifies the forward-looking medium-scale enterprise that the

Turkish textile industry will be increasingly dependent on for export-led growth in the 1990s.

Owned by the Bezenen family, Mensucat Santral (the name translates as Central Textiles) celebrates its 60th anniversary next year. Today the company concentrates almost entirely on the production of bed linens and interlinings at two plants based in Istanbul and Edirne.

A measure of the company's success is the 24-hour production maintained at both plants, which in 1987 turned out 103 million square meters of cloth, an

increase of 20 percent over the previous year.

Total sales increased 55 percent to \$98 million in 1987, of which exports accounted for \$55 million. Projections for this year envisage production of 125 million square meters of cloth and sales worth \$105 million, some \$90 million of which is expected to come from exports.

Mensucat Santral has a vertically integrated production process which includes spinning of raw cotton, weaving, dyeing, printing, making-up and packaging processes which in textile industries outside Turkey are often separate enterprises. However, executives point out that Mensucat Santral's equipment and processes are at least as modern, if not more so, as those found elsewhere.

There is little doubt that the labor costs prevailing in Turkey's textile industries, ranging between one-sixth and one-ninth of those in Europe, are also a major factor in allowing companies such as Mensucat Santral and others to successfully penetrate overseas markets.

The sharpness of international competition demands much more, though, if export markets are to be sustained. Mensucat Santral's export success is due

to a close monitoring of market needs and production costs and a steady investment in high technology as well as the use of modern management techniques.

Swiss-educated chief executive Halil Bezenen, who has been with the company for 25 years, supports a lean management philosophy, creating "a small and highly motivated management with crystal-clear levels of responsibility."

The company's major export markets at present are in Northern Europe and Canada. In West Germany and the United Kingdom Mensucat Santral claims a five percent share of the market for bed linens. In Canada the company's share of the bed linen market has risen to 25 percent. Market potential also exists in the United States, Far East, Africa and the Middle East.

The company's ambitious investment schedule calls for a doubling of production in the next five years. This is expected to result from the introduction of higher quality products aimed at more upscale markets instead of the medium-price client base that currently characterizes sales.

Emphasis will be placed increasingly on the more complex production of disposable non-woven goods based on synthetic fibers and high-technology-process fabrics. The investment needs are substantial. Mensucat Santral's mainly Swiss and West German equipment is on average less than seven years old. The installation in 1986 of an IBM 38 Model 700 together with associated software represented the largest application of computerization in the Turkish private sector outside the banking community, the company points out.

—A.R.

Industry Looks Abroad for Increased Growth

TURKISH industry is on the move. Its diverse products, ranging from textiles and washing machines to buses and petrochemicals, have found markets throughout Europe and the Middle East in recent years.

Industry is now at the forefront of Turkey's ambitious export drive, reflected in the increasing share of industrial products in foreign sales from 35 percent in 1980 to 80 percent last year.

Turkey makes an estimated 2,500 products, including chemicals, pharmaceuticals, iron and steel, cement, glassware, ceramics, paper, vehicles, fertilizers and electronics as well as textiles, the largest and most important sector.

The textile and clothing industry in Turkey accounts for one-third of employment, and its export earnings total more than \$2 billion a year. It is a sector in transition, having had to reassess its priorities following the imposition of quotas on Turkish products by the European Community in 1985.

The quota shock has, however, accelerated modernization of the industry. The move has been away from traditional bulk-produced spun goods to higher value-added products based on artificial fibers and new production processes.

While textiles continue to be key exports for the Turkish economy, other industries are also being encouraged. One-quarter of the country's overseas sales

are food products. Substantial surpluses, particularly of citrus fruits, have led some to call Turkey a sleeping giant in terms of its food processing agribusiness potential.

Turkey's motor industry is another sector with plenty of room for growth. It is estimated that there is still

san, a joint venture with Mercedes-Benz, selling more than 20 percent of its buses to Middle East countries.

Light industry is an area ripe for takeoff. It is hoped that the planned new free zone at Izmir will help draw more high-technology producers to Turkey. Meanwhile, the country's massive telecommunications development program is providing substantial work for the digital electronic exchange manufacturers Teletas and NETAS.

In the future, telecommunications may well provide an opportunity for the development of locally de-

thinking for years, has been abandoned and replaced by a policy of export-oriented development.

This has often meant uncomfortable new policies, in subsidies, customs duties and import regulations, which previously coddled local industry. However, the result has been a stronger industrial base as well as management attitudes geared to compete in world markets. During the last three years, industry has shown its ability to adapt by achieving an annual growth rate of 8.5 percent.

Denationalization has been another key feature of the ruling Motherland Party's program for structural change. Attention is focusing on Turkey's state economic enterprises (SEEs), which were set up in the early days of the republic as a means of fulfilling Ataturk's dream of industrial self-sufficiency.

Protected by successive administrations, the SEEs had become unwieldy by the 1980s, overstuffed and unable to adapt to the new emphasis on export growth. Considerable changes have been effected to improve their industrial performance. Still, the public sector's role is due to decrease steadily as the government's privatization program takes hold.

According to Minister of State Yusuf Bozkurt, "We have aimed at a sound manufacturing sector viable within a competitive environment. That is why private capital is being actively encouraged and supported to invest in the manufacturing sector with a comprehensive package of incentives, while the state's share in manufacturing is being gradually reduced through disinvestment and privatization efforts."

—A.R.



Products such as textiles and ceramics (left) represent the traditional side of Turkish industry. Its potential in agribusiness, light industry and high tech have yet to be fully exploited.

"The state's share in manufacturing is being gradually reduced."

only one car per 60 people in Turkey, compared to one per nine and one per 14 in Greece and Bulgaria respectively. There is also growth potential in production of specialized vehicles like tractors and trucks. Exports already exist in some parts of the sector with Otomar-

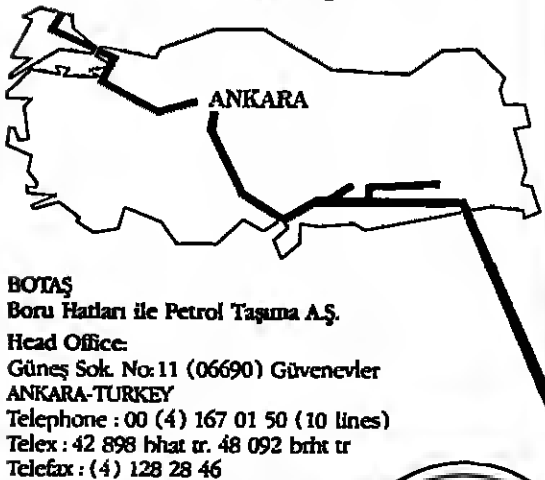
signed equipment to act as a spur in research and production design in other high-technology sectors.

In the last three years the whole of Turkish industry has been undergoing a deep structural change. The concept of import substitution, which dominated

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BOTAŞ has recently announced that the tenders will soon be released for the construction of a LNG Terminal which will augment the importation of U.S.S.R. Gas by Algerian Gas. The Terminal will gasify LNG for injection into the natural gas transmission system near Marmara Ereğlisi.



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مكازم الأصيل

More Flights and Better Hotels Boost Tourism

THE flying time to Turkey from most European capitals is not much more than three hours. This proximity has awakened the international leisure market to the possibilities of this vast country, rich in coastal and inland beauty and legendary for its people's friendliness toward visitors. Surprisingly, Turkey is one of the least developed tourist areas in the Mediterranean and Aegean regions.

Turkey may have been slow to exploit the hard-currency earning potential of its coast and historic

sites, but on the other hand, in spite of its extensive development plans, it has been wise enough to avoid many of the pitfalls experienced by other countries in their accelerated and often uncontrolled expansion of tourism.

One of the factors inhibiting Turkey in the past was the physical limitations of access. For years Istanbul was merely an excursion for visitors spending the main portion of their holiday in Greece. But expansion in international air travel, particularly in the charter operations sector, has changed

the situation dramatically. It is now far easier to travel to Turkey. Foreign airlines have augmented the services of the national carrier Turkish Airlines with daily, rather than weekly, scheduled flights to and from Istanbul. Major carriers also operate directly to Ankara, while Izmir is also beginning to be featured on international schedules.

The country's frustrating shortage of hotel accommodation for business travelers is being steadily overcome. The situation has already vastly improved compared to less than 10 years ago. The improvement will continue with a number of new five-star establishments opening in Istanbul, Ankara and resort areas on the coast over the next 18 months.

In spite of these developments, Turkey still retains the aura of the great cultural crossroads it has been since the dawn of civilization.

The sight of Istanbul, a bustling city of minarets and Islamic domes, bounded by the Sea of Marmara to the west and the Golden Horn to the east, is an indelible one.

In 1968 the only modern international hotel in the city was the newly opened Hilton. But this was when European mass travel was only just beginning. Istanbul's leading hotel until 1968 was the Pera Palas, overlooking the Golden Horn. Still a popular destination with its evocative 19th-century decor, the 96-year-old hotel, now a historic landmark, was originally built by Thomas Cook to accommodate Orient Express passengers.

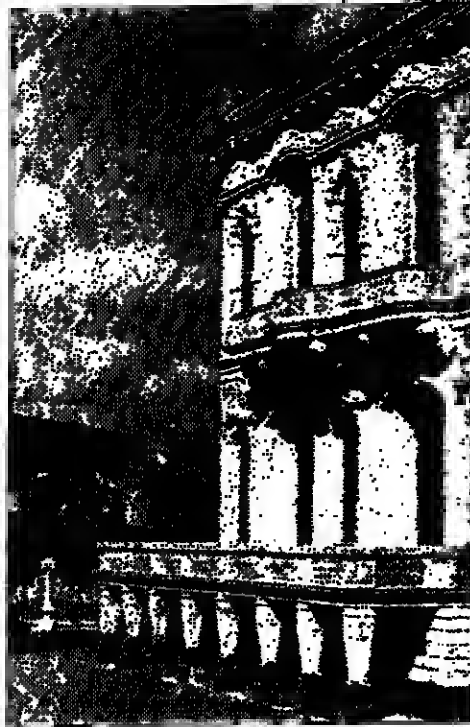
Near the Pera Palas is one of the newcomers, the

202-room Etap Istanbul. The 459-room Sheraton Hotel and Towers was only the second major international hotel to open here. Now eight years old, it is a highly successful venture with an occupancy rate that has never fallen below 75 percent.

There is still room in Istanbul for more five-star hotels to accommodate holiday traffic, business visitors and the needs of the burgeoning international conference and convention market. Sheraton is currently looking into developing a second hotel in Istanbul on the Bosphorus. Meanwhile, Ramada has joined the ranks of international operators with its 250-room hotel near the Laleli Mosque in the old part of the city, opened last August.

Many other developments are marking Istanbul's move into the European travel network. The work is not all large-scale: a formerly decayed mansion between St. Sophia and the Blue Mosque has been splendidly restored to its former glory by the Turkish Touring and Automobile Association and re-

Topkapi Palace (below); the "petrified cascades" of Pamukkale (right); and Tarabya Bay (lower right).



lies the still largely untapped potential of a superb coastline unpolluted by industrial and urban development and some of the finest and most extensive archaeological sites in the

and Greek antiquities along the western and southern shoreline. Elsewhere, Cappadocia's unique limestone formations and the ancient sculptures of eastern Turkey beckon the visitor with their mystery.

Naturally, there is some fear that a substantial increase in foreign visitors will have a deleterious effect on traditional society and that ecological balances may be disturbed. However, the planned increase in Turkish tourists, which numbered some 2.5 million in 1987, seems modest when seen against Greece's six million visitors a year and the 40 million that travel to Spain annually.

Tourism earned Turkey \$1.3 billion last year and the aim is to increase this amount to \$5 billion a year

in the next decade. The government is offering attractive incentives to developers, including grants of up to 16 percent of investment in fixed assets in hotels of 300 rooms or more and tax credits of up to 100 percent of the entire investment cost.

One of the larger projects nearing completion is a Sheraton development at Antalya. The hotel, which is being jointly developed with Polly Peck's leisure subsidiary Voyager Mediterranean, will represent the largest and most luxurious resort hotel on the Turkish Riviera with its 1,050 rooms in three wings.

Club Mediterranée, the German-Swiss Club Robinson and the Belgian-Turkish Club Salima are already well-established in south-

ern Antalya. Others are sure to follow. The British Sunmed holiday company, one of the first tour operators to organize package holidays to Turkey's coastal resorts, expects to sell 70,000 trips in 1988, compared to 45,000 last year.

Its managing director, Vic Fatah, says: "Turkey is like the Greece of 10 years ago. It appeals because there is a touch of the exotic and unknown, as well as sunshine." Turkey in fact offers much more. It is exotic and sophisticated enough to satisfy both the sun seeker and the more erudite tastes of travelers seeking the experience of a country born of ancient civilizations overlapping both Europe and Asia.

—A.R.

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opened as the 20-room Yesil Ev hotel.

New five-star Hilton and Sheraton hotels are also planned for Ankara, whose only deluxe establishment at present is the Buyuk Hotel, which operates at almost 100 percent occupancy throughout the work week.

Beyond the major cities

world, Turkey's Hellenistic remains are arguably superior to those found in Greece itself.

The superbly preserved and restored site of Ephesus on the Aegean coast, which became the Roman capital of Anarolia, is one of the seven archaeological Wonders of the Ancient World. It is one of many Roman

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Modern Turkey, which contains the northern regions of historical "Mesopotamia", is an ideal place for oil exploration. Indeed, prospects, from the geological point of view, are not any less encouraging. Turkey is located in the northern regions of the Middle East oil belt. It is like a tranquil island in the region, where the most liberal economic market conditions exist. It enjoys a very healthy and expanding economy with one of the highest rates of economic growth among the nations of the world.

Its up-to-date telecommunications network links Turkey via satellites with every corner of this planet. Transportation facilities are similar to any other western country. However, such a promising geological setup has been tested, on the average, by 14 exploration wells per annum since the beginning of oil exploration in the 1930's. Taking into account the fact that Turkey is the largest country in Europe with the exception of the U.S.S.R., calling Turkey an essentially "unexplored country" would not be far from the truth.

Center of this setting is Turkish Petroleum Corporation, the largest state economic enterprise, with a tradition of more than half a century. Turkish Petroleum Corporation (TPAO) employs over 5,000 staff in its exploration, drilling, produc-



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tion, and management divisions. It owns 34 rigs, of which over 25 are operational at any given time, in licenses covering millions of acres of Turkey's most promising areas for petroleum exploration. TPAO, producing from over 300 oil wells is the biggest producer in Turkey including its international competitors. Its experts are ready to assist you in any field from exploration to production whether you may be a partner of TPAO or an independent in Turkey. Its "graduates" are today employed in every corner of the world from Indonesia to Canada, from Saudi Arabia to Norway. TPAO offers even more to companies which may wish to operate in the region from a comfortable and stable base. TPAO has just been authorized to engage in exploration, production and drilling activities in other countries either independently or as partners in joint ventures with foreign companies. Considering that Turkey enjoys excellent relations with ALL countries in the Middle East the prospects are apparent. Presently, there are more than a dozen prominent oil companies actively engaged in petroleum exploration in Turkey. About half of them are the top shots of the oil industry, which have joint ventures with TPAO. Why don't you share in their wisdom and grasp this opportunity?

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مكتبة الأصيل

EUROBONDS

Are Midi's Convertibles An Outrageous Giveaway?

By CARL GEWIRTZ International Herald Tribune PARIS — Compagnie du Midi, the French insurance group at the center of the latest takeover rumors on the Paris Bourse, took center stage in the Eurobond market last week with two bonds convertible into common stock.

The controversy focused on whether the bonds were an outrageous giveaway to select friends of the company. The dispute about the pricing is probably the most important element. That is what makes the paper appealing, and what makes dealers frustrated at not being able to get any.

Midi's motivation in selling the bonds is no secret. It does not want to be taken over by Assicurazioni Generali SpA of Italy, which has a 13.6 percent stake and has indicated in the past that it might seek control.

Generali denied last week that it was seeking control. A Midi spokesman said the issues were intended, apart from raising capital to finance future growth, to place shares with long-term investors willing to "go along with management."

This raises the prospect that the bonds will not be generally available and are being offered only to investors identified as friendly to the company.

But officials at the lead manager, Swiss Bank Corp., reject market comment that the issues are really private placements. The terms on Midi's bonds are notable because they go against market custom. The standard procedure on convertibles is to set an exercise price to buy the stock at a premium to the prevailing stock exchange quote.

But in Midi's issues, the exercise price was set at a discount. The 10-year issues — \$275 million (\$522 million) of 3 percent bonds and 330 million European currency units of 2 1/2 percent bonds — carry identical conversion terms. After 30 days, the face value of the bonds can be exchanged for shares at a price of 1.510 francs (\$265). After two years the conversion price rises to 1,800 francs.

The bonds are being issued at a price of 108 percent of face value, meaning investors pay \$1,080 to buy paper with a face value of \$1,000. This raises the actual starting conversion price to 1,630.80 francs.

BUT the share price on Paris Bourse, driven up by the frenzy of the takeover rumors, ended the week at 1,790 francs. Assuming the stock price does not fall, the convertible bonds give an immediate 9 1/2 percent gain for anyone buying the bonds at the offering terms, converting into stock and then selling the shares. That explains why dealers are panting to get their hands on the paper.

Swiss Bank Corp. officials say this is not quite the giveaway that the market assumes. The bank takes the view that what goes up sharply in price can also fall.

The share price has been extremely volatile — rising from 1,133 francs at the opening of the year to a high of 1,801 last week as Generali built up its holding in Midi and as Paribas increased its own stake to about 5 percent.

As a result, Swiss Bank Corp. used the average price of the last 20 trading days, a frequent pricing standard, as a fairer measure of the value of the shares than the last quoted price. That 20-day average was 1,350 francs, and the conversion price of 1,630 francs represented a premium of 20.7 percent.

The amount being raised is large — the equivalent of \$1 billion, or 5.7 billion francs — and some incentive is needed to mobilize investors. The potential share increase represents a 20 percent dilution of existing stockholders.

A moot point for the market is whether Swiss Bank Corp. is simply doing its utmost to be fair or whether it is really plying in favor of selected bond buyers.

The French stock exchange commission acknowledged an embarrassed silence about the bond offerings. An official noted that Midi had obtained stockholder approval to issue the new stock and therefore was free to do so at the terms it desired. In addition, the official said, the commission has no jurisdiction outside France over issues floated in the international market.

Nevertheless, the official said the commission did object to an initial proposal to turn the bonds into a kind of "poison pill" anti-takeover device. He said Midi had wanted to set an additional premium redemption price on the bonds if the company was ever taken over.

The final form of the terms give holders the right to request redemption, after five years, at the offering price of 108 percent. This option to put the paper back to the issuer is a common feature, limiting the risk to investors of a subsequent fall in the price of the shares.

In addition, the option can be exercised at any time in the event of a takeover.

See BONDS, Page 17

N.Y. Bank Has 46% Of Irving

Hostile Bidder Extends Tender

Compiled by Our Staff From Dispatches NEW YORK — Bank of New York Co. says that it has acquired 46.6 percent of the shares of Irving Bank Corp. and that it has extended its hostile tender offer for five days, until Wednesday.

The announcement Saturday was Bank of New York's latest move to defeat a friendly offer by an Italian bank, Banca Commerciale Italiana, for control of Irving.

The Bank of New York said that as of the close of business on Friday, 7,684,394 Irving shares had been tendered and not withdrawn.

Irving has been fighting Bank of New York's advances since September. Bank of New York is offering 1.575 of its common shares and \$15 in cash for each of Irving's 18.1 million common shares in a merger valued at \$1.08 billion.

Bank of New York has set several conditions on its bid for Irving, including elimination of "poison pill" provisions. Bank of New York is also waging a proxy fight to gain control of Irving's board.

Irving's board has approved an offer by BCI, Italy's second-largest bank, of \$75 cash per share for 8.5 million shares, or 45 percent of Irving, in a transaction valued at \$638 million.

Financial analysts say they see Bank of New York's offer as superior. A Merrill Lynch analyst, Lawrence Cohn, said, "Based on what I have seen so far, Banca Commerciale can't afford to raise the bid or be unwilling to do."

On Friday, a New York State Supreme Court judge ordered Irving to convene its annual meeting on Saturday and adjourn it until May 6, when he said votes for the proxy fight would close.

The ruling gives Irving shareholders until May 6 to choose whether to elect a slate of 16 directors proposed by Bank of New York or to vote against those directors, which would have the effect of supporting Banca Commerciale's bid. The judge's ruling slows the attempt by Irving to bring about a heated auction between the suitors.

(Reuters, NYT)

'Circuit Breaker' Turns Off Experts

Even Its Backers See Stock Brake As Weak Device

By James Sterngold New York Times Service NEW YORK — As the stock market went into its chaotic tailspin Oct. 19, the New York Stock Exchange struggled to keep trading open and preserve a bedrock principle: that the exchange provides a marketplace where investors can always buy or sell stocks at fairly determined prices during operating hours.

Protecting that principle of liquidity became a source of great pride for the exchange. Now, though, in a remarkable philosophical shift, the New York Stock Exchange is nearing an agreement with other exchanges and U.S. government officials on a plan that would halt trading in times of stress.

This so-called circuit breaker would shut down the markets temporarily if they swung too widely, with moves of 150 to 300 points on the Dow Jones industrial average being discussed.

Few market experts, however, including most of those devising the circuit breaker, see it as a meaningful tool to prevent a stock market crash. The circuit breaker concept, they say, could prove a counterproductive response to the market flaws exposed by the October crash.

"I think this will scare what few small investors are left away from the market," said Robert S. Karmel, an NYSE board member and former member of the Securities and Exchange Commission.

"Clearly, some people like this because it is a catchy phrase that the public can understand easily," he said. "But the point is that closing the market is an admission of market failure. It is not fixing anything. This is being done because it is the politically expedient thing to do."

At the least, the experts said, the measures may mislead the public into believing that a cure-all has been found, when the industry is far from agreeing on solutions to complex and politically thorny issues that might do more to restore stock market integrity.

Even John J. Phelan Jr., who as chairman of the NYSE is a major participant in the discussions, expressed deep misgivings. "This may have some value in giving everyone a breather, but this is no cure-all," he said. "It's become a very trendy thing to talk about circuit breakers."

He said the proposal resulted largely from a desire by Wall Street and U.S. officials in demonstrating that they had been taking some kind of action to bolster the market system since the crash.

"If you decide to close down markets at 75 points or 100 points or 150 points, you tend to give people the idea that the markets are safe, that there is no risk," Mr. Phelan said. "But they aren't. They are full of risks."

Among the plan's backers is Leo Melamed, a senior official at the Chicago Mercantile Exchange, the key market for trading stock index futures contracts. But even he is lukewarm to the circuit breaker concept, seeing it

only as a step toward meaningful reform.

He said a shutdown was not an ideal solution, but added: "It is not a small item — it is high on my list of priorities. The point is that if we can get by this issue, we can get to some of those other issues."

Some experts fear that shutting down a runaway market, never tried in the modern U.S. market system, could add to the panic of investors. They would suddenly find themselves holding securities of uncertain value with no ready way of trading them.

In recent weeks, Mr. Phelan and Mr. Melamed have come close to agreement with other industry and government leaders on a plan to stop all securities trading temporarily in a coordinated fashion after a certain level is crossed.

Some of the leading stock trading houses on Wall Street See MARKET, Page 19



Black Monday: Should market ever be brought to a halt?

GM Is Dropping Firestone as A Tire Supplier

The Associated Press AKRON, Ohio — General Motors Corp. is dropping Firestone Tire & Rubber Co. as a supplier of tires for new GM cars and trucks, which account for about 20 percent of Firestone's production in the United States, the companies said Sunday.

The unexpected development came as Firestone shareholders are preparing to vote Monday on a \$2.6 billion buyout offer from Bridgestone Corp. of Japan, although Firestone said the GM move would not affect the merger plans.

In agreeing to acquire Firestone, Bridgestone indicated that the merger would help it become a global tire maker. In addition to its production and marketing capacity, the Japanese company cited Firestone's role as an original equipment supplier — Bridgestone's weakest area — to Ford Motor Co. and GM as a rationale for the acquisition.

Firestone said it learned of GM's planned buyout on Friday. There was no immediate comment from Bridgestone.

John J. Nevin, chairman and chief executive of Firestone, said in a statement that he was "surprised and disappointed" by GM's move, but that Firestone was confident it would find other markets for its tires without hurting profits.

GM plans to reduce Firestone's role as a supplier significantly in the second half of this year, and will eliminate the tire maker from its supply base over a period of up to two years, Firestone said.

A GM spokesman, James Crellin, said in a telephone interview from Detroit that the move was part of the automaker's "ongoing supplier-rationalization study" — a periodic review of suppliers' capacity and future needs — and he indicated that it was not linked to the impending buyout by Bridgestone.

"We've got four other tire suppliers: General Tire, Goodyear, Michelin and Uniroyal-Goodrich," Mr. Crellin said. "There are no plans to look for another supplier at this time. We will be informing the other four tire suppliers of the availability of increased business."

Mr. Crellin declined to say how long the phaseout would take, and he said it was GM's policy not to discuss the amount of business it does with any suppliers.

GM's biggest tire supplier is Uniroyal-Goodrich, which supplies 34 percent of its tires, according to See TRES, Page 19

Lawson Opposes A Further Rise For the Pound

Compiled by Our Staff From Dispatches LONDON — Nigel Lawson, the chancellor of the Exchequer, said on Sunday that he did not want to see a further rise in the value of Britain's pound because recent gains looked unsustainable.

"I certainly do not want to see the exchange rate appreciate further," he said in a television interview with the British Broadcasting Corp. "An unsustainable appreciation does no one any good and is damaging for business and industry."

The pound rose to 3.1600 Deutsche marks before easing slightly on Friday.

Strong overseas demand for the pound is putting pressure on the government to sanction a further cut in bank base interest rates from the current 8 percent level. Britain has cut interest rates twice in recent weeks to try to arrest a rise in the value of the pound that is pinching export receipts.

Until early March, Britain had held the pound below 3 DM for about a year through intervention on currency markets. But sustained intervention is inflationary, and Mr. Lawson noted Sunday, "We are certainly interested in the maximum possibility of exchange rate stability within the context of sound anti-inflation policy."

(Reuters, AP)

U.S., Japan Fail Again To Reach Farm Accord

By Patrick L. Smith International Herald Tribune TOKYO — In a series of talks that ended over the weekend, U.S. and Japanese officials failed to reach agreement on Japanese imports of beef and citrus fruits, bringing the issue to a decisive phase.

Both sides left the bargaining table Saturday saying they were more divided than when the talks began a week earlier.

The failure casts further doubt on whether the conflict on agricultural imports, which has emerged as a critical trade issue in the past month, can be resolved without resort to the Geneva-based General Agreement on Tariffs and Trade.

"I'm nervous about this; I don't like the vibrations right now," said Michael B. Smith, deputy U.S. trade representative and head of the U.S. delegation. "From my point of view, we've moved further apart."

The chief Japanese negotiator, Hidoro Maki, echoed this assessment. He described the U.S. position on farm imports as consisting of excessive demands.

Takashi Saito, Japan's agriculture, forestry and fisheries minister, is scheduled to leave Tokyo on Tuesday for what is expected to be a final round of talks in Washington with the U.S. trade representative, Clayton K. Yeutter.

Mr. Saito's previous talks with Mr. Yeutter broke down just before the four-year agreement under which Japan controlled agricultural imports expired March 31.

Prime Minister Noboru Takeshita is to meet Monday with government officials and senior members of his Liberal Democratic Party to decide what compromises Mr. Saito should deliver.

Mr. Saito is expected to propose liberalizing Japan's beef market over a three-year period — a concession of two years — and its market for oranges and orange juice over five years, Japanese newspapers reported Sunday.

This would be contingent, however, on Mr. Yeutter's accepting "a low import surcharge after liberalization," the reports said, quoting government officials who were not identified.

Japanese officials indicated Sunday that they were now seeking a "political solution" to the liberalization issue, meaning one involving senior officials that takes into See FARM, Page 19

HYPOBANK INTERNATIONAL S.A. HEALTHY GROWTH IN 1987

In 1987, Hypobank International S.A., Luxembourg, again achieved satisfactory growth in both its broadly-based Euromarket business as well as in profitability.

During its 15th year of operations in Luxembourg, the bank's balance sheet total reached DM 7.52 billion and operating income was up 5%.

A full 75% of the loan portfolio was concentrated in Western Europe, with the largest part accounted for by West Germany. The Bank strengthened its position in interbank money market trading and expanded its overall securities-trading activities.

Private banking activities made a positive contribution to operating income. In addition to the traditional investment opportunities, all the major new instruments such as stock and bond options and futures, etc., were made available for high net-worth private clients.

At year-end 1987, share capital was unchanged at DM 80 million and total net worth amounted to more than 3% of the balance sheet total. The Bank's shares were held by Bayerische Hypothek- und Wechsel-Bank AG, Munich.

For your copy of our 1987 Annual Report, we invite you to contact us at: HYPOBANK INTERNATIONAL S.A., 37, bd du Prince Henri, E.O. 453, L-1724 Luxembourg. Telephone: 4775-1; Telex: 1570.

Highlights of the Balance Sheet for 1987. Assets: Balances with banks 3,541; Balances with customers 3,544; Securities 259; Other financial and capital assets 174. Liabilities: Deposits and Current accounts 6,920; Capital and reserves 231; Others 367.

Currency Rates

Table of currency rates for various countries including Amsterdam, Brussels, London, Milan, New York, Tokyo, Zurich, and Hong Kong.

Other Dollar Values

Table of other dollar values for various currencies and commodities.

Forward Rates

Table of forward rates for various currencies.

Sources: International Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (DCR); BA1 (London, Frankfurt, Athens); Oostbank (Brussels). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Table of stock indices for various markets including United States, OJ Index, DJ Index, S & P 500, Nikkei 225, West Germany, and Hong Kong.

Money Rates

Table of money rates for various financial instruments including Treasury bills, Federal funds rate, Prime rate, Japan, Discount, Call money, 3-month interbank, West Germany, Lombard, Call money, 3-month interbank, Bank base rate, Call money, 3-month interbank, Gold, and London 3-month.

World Index From Harsham Stanley Capital Int'l

New International Bond Issues

Table of New International Bond Issues with columns for Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, and Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

Belgium Raising a Loan At Extremely Low Rate

By Carl Gewirtz International Herald Tribune PARIS — Belgium, banking on the rarity of its name in the international credit market, is raising a \$400 million loan at terms most analysts say they believe to be the lowest ever seen.

INTERNATIONAL CREDIT

ment guarantee. The five-year loan, to be used to repay existing Swiss franc debt, will pay interest of 10 basis points, or 0.1 percent, over the London interbank offered rate.

Loan officers at Société Générale, the French bank that is arranging the credit, said banks in the European Community would find the terms attractive since lending to any EC government carries zero credit weighting on the banks' capital.

Meanwhile, Société Générale itself announced that it had placed with investors in Japan \$372 million of 10-year subordinated debt, which counts as secondary capital for the bank.

Société Générale can postpone interest and redemption payments if in any year it reports a loss.

Neither Merrill Lynch, which arranged the private placement, nor Société Générale would say what the rate of interest is. But sources put the all-in cost close to 40 basis points over Libor.

Bankers estimate that in the last year some \$4 billion of such private placements have been taken by Japanese institutional investors, particularly leasing companies.

This method is preferred to trying to reopen the now dormant market in listed floating rate securities. The exact terms are never fully divulged, making it easier for borrowers to pay whatever it costs to raise the money.

BONDS: Midi's Pricing

(Continued from first finance page) of a merger into or with any other company if Midi is not the surviving concern.

As the terms are widely viewed as a giveaway by the company, dealers are furious about their inability to date to get any paper and complain that private placements should be labeled as such.

Swiss Bank Corp. officials say the perception that bonds will not be generally available is a result of the fact that it has solicited only subscriptions instead of allotting paper as orders came in.

Final allotments were scheduled to go to banks over the last weekend and trading, which has been held up by the uncertainty about who would be receiving the bonds, is to start on Monday.

Over all, the market last week was inundated by currency-sensitive, high-coupon bonds. The flow of paper dominated in Australian dollars was exceptionally heavy.

The Australian dollar last week traded at a three-year high against the U.S. dollar at 75.5 cents, a gain of 11 percent since last October.

There was also a heavy flow of Eurosterling issues, congesting that sector as well. Expectations of continued gains against the Deutsche mark and high single-digit coupons remain the driving force.

LUXFUND Société Anonyme Luxembourg, 2, boulevard Royal R.C. Luxembourg B - 7237. Messieurs les actionnaires sont priés d'assister à l'ASSEMBLÉE GÉNÉRALE ORDINAIRE qui se tiendra le 13 mai 1988 à 15.00 heures au siège social.

Tandy's Promise to Fulfill CD Dream Baffles Experts

LOS ANGELES — It started with the dream of a compact disc that could be erased and re-recorded with music, video or computer data hundreds or even thousands of times.

On Thursday, Tandy Corp. promised that dream would become a reality, saying that within two years it would sell an audio compact disc recorder-player retailing for less than \$500.

The announcement baffled electronics executives, scientists and analysts, who are wondering how Tandy, known primarily for its Radio Shack retail outlets and inexpensive computers, achieved the breakthrough.

Mr. Juge said scientists at Tandy's Magnetic Media Research Center in Santa Clara, California, had been working on the technology since February 1986, after a "young Ph.D." whom the company has not identified, developed a computer simulation for a type of compact disc that, unlike existing CDs, allowed for data to be erased and re-recorded.

The simulation had to do with a "formulated, man-made material for the CDs," Mr. Juge said. Tandy is not the first company to announce erasable optical disks, which can offer large amounts of data storage and easy retrieval.

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Michelin's Net Profit Rose 39% Last Year

PARIS — Michelin & Compagnie, the world's second-largest tire maker, has reported that its consolidated net profit rose 38.6 percent in 1987 to 2.65 billion francs (\$467 million).

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Summary Financial Statement as of December 31, 1987

Balance Sheet (in million of DM) and Profit and Loss Account (in million of DM). Assets: Liquid Assets, Balances with Banks, etc. Liabilities: Liabilities to Banks, etc. Profit and Loss Account: Interest and Commissions, General Expenses, etc.

The itemized Balance Sheet and Profit and Loss Account will be published in the 'Mémorial-Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg'.

Compagnie Luxembourgeoise de la Dresdner Bank AG Dresdner Bank International. Affiliation: Dresdner Forfaitierungs Aktiengesellschaft, P.O. Box 630, CH-8034 Zürich, Telephone 69 41 41, Telex B16 427 DEFA CH.

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Branches: Bahrain, Osaka, Seoul, Singapore, Tokyo. Affiliated Bank: UBAF (Hong Kong) Limited. Representative Offices: Beirut, Cairo.

Main items of the Consolidated Balance Sheet as at December 31, 1987

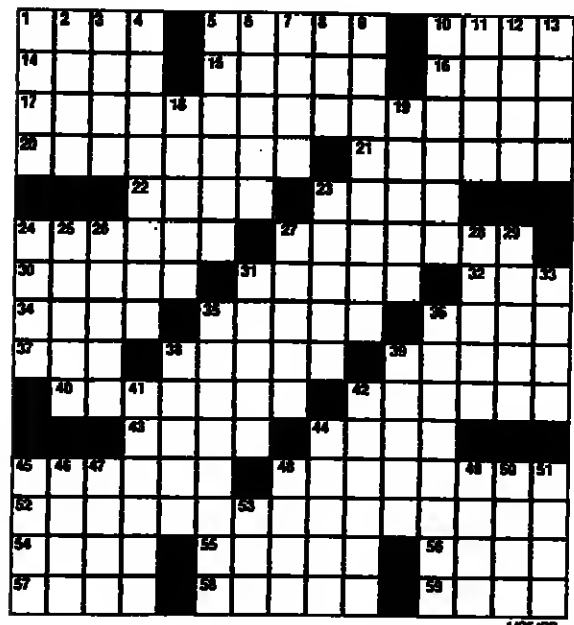
Table with columns for ASSETS, LIABILITIES, CONTINGENT LIABILITIES, and TOTAL FOOTINGS. Rows include Cash and due from Banks, Loans and Advances to Banks and Customers, Demand and Time Deposits, etc.

UBAF UNION DE BANQUES ARABES ET FRANÇAISES. Branches: Bahrain, Osaka, Seoul, Singapore, Tokyo. Affiliated Bank: UBAF (Hong Kong) Limited. Representative Offices: Beirut, Cairo.

Kuwait Investment Agency Buys 7.4% of Brazil Fund

WASHINGTON — An investment arm of the Kuwait government has purchased a 7.4 percent holding in Brazil Fund Inc., a single-country closed-end investment fund.

Between March 31 and April 12, the Kuwait government purchased the 893,000 Brazil Fund common shares on the open market for an average price of \$11.84 a share.



ACROSS

1 Leather-workers' tools
5 Knights' wives
10 App's art
14 Cage for chicks
15 Archie Bunker's wife
16 Actor Jannings
17 Problem solvers
20 Becomes better
21 At a rapid tempo
22 "Let — eat cake"
23 Health resorts
24 Diversifies
27 A basic human need
30 Actress
31 Task
32 Decay
34 Valuable vase
35 Serbs and
36 A fine cotton
37 Wooden pin
38 Uncle Tom's creator
39 — of the crop
40 Recency
42 Calif. raisin center
43 Product from sisal

DOWN

1 Start of a Simon opus
2 Robin's prey
3 Airplane maneuver
4 Old Faithful activity
5 Digs for data
6 Legally revoke, as a
7 — America
8 Numerical suffix
9 Malls are their mecca
10 Abhor
11 College town in Iowa
12 — cheap
13 Moreover
18 Black tea
19 Papal cape
22 What push comes to
24 Seductive woman
25 Being from outer space
26 Grassland
27 Artie and Irwin
28 Hurons' kin
29 Kind of candle
31 Neck and neck
32 "Shanter," Burns poem
35 Relatives by marriage
36 Renown
38 A wee nip
39 Angler's basket
41 Inflects
42 Intact
43 Took an oath
45 Sale sign
46 Notorious riddler
47 Eat like a beaver
48 Hood's switchblade
49 Being part of
50 Major Hoopie's expletive
51 Giant jets
53 Cavalier

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DENNIS THE MENACE

JUMBLE. THAT SCRAMBLED WORD GAME by Horn Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

KOAWE
LAGEE
HYWINN
GROJAN

WHAT HE SAID TO HIS FRIEND.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Friday's Jumbles: PEONY AGATE SPONGE TAMPER
 Answer: What an hors d'oeuvre is — AN "APPETIZANT"

WEATHER

EUROPE			ASIA		
City	High	Low	City	High	Low
Amsterdam	10	7	Bangkok	32	26
Antwerp	10	7	Beijing	17	11
Berlin	11	8	Hong Kong	27	21
Brussels	11	8	Kobe	27	21
Frankfurt	11	8	Manila	27	21
Geneva	11	8	Osaka	27	21
London	11	8	Seoul	27	21
Munich	11	8	Taipei	27	21
Nuremberg	11	8	Tokyo	27	21
Paris	11	8			
Rome	11	8			
Stockholm	11	8			
Zurich	11	8			

MONDAY'S FORECAST — CHANNEL: Light. FRANKFURT: Fair. Temp. 11-15. LONDON: Cloudy. Temp. 10-13. MADRID: Cloudy. Temp. 15-21. NEW YORK: Fair. Temp. 15-21. PARIS: Fair. Temp. 11-15. ROME: Cloudy. Temp. 11-15. SINGAPORE: Thunder. Temp. 27-31. SYDNEY: Fair. Temp. 17-21. TOKYO: Fair. Temp. 17-21.

SPORTS

Oilers, Blues, Devils, Bruins Win in NHL

EDMONTON, Alberta — The Edmonton Oilers sent Calgary's Mike Bullard off the ice on a stretcher Saturday night, and at the same time dealt a brutal blow to the Flames' hopes in the Smythe Division final of the National Hockey League's Stanley Cup playoffs.

With Mark Messier assisting on three goals and the defense holding



Patrik Sundstrom of Sweden, left, set an NHL single-game playoff mark of eight points in the Devils' 10-4 rout of the Capitals.

STANLEY CUP PLAYOFFS

The Blues got three goals in the second period for a 4-2 lead and control of the game, McKegney scoring on a two-on-one break with Doug Gilmore to give his team a 2-2 tie 1:02 into the period. Tony Hrkac made it 3-2 with 7:41 left on a power-play goal when his pass from behind the net hit the skate of Detroit defenseman Jim Pavese and slid past goalie Greg Stefan.

Friday night, Patrik Sundstrom set an NHL single-game playoff record with eight points as the New Jersey Devils buried the Washington Capitals, 10-4, for a 2-1 lead in the Patrick Division final, and the Boston Bruins beat the Montreal Canadiens, 3-1, to go ahead by 2-1 in the Adams Division.

Charlie Huddy gave the Oilers a 2-1 lead at 8:54 of the first period on a controversial goal. With a linesman, unauthorized to stop play, waiting to advise referee Andy Van Hellemond of a spearing penalty against Edmonton's Marty McSorley, Huddy put a drop pass from Jari Kurri past goaltender Mike Vernon.

After a long discussion, the goal was counted and Bullard, the victim of McSorley's spearing, was taken off the ice on a stretcher. On the ensuing five-minute power play, the Flames failed to create even one good scoring chance.

SIDELINES

Unbeaten Private Terms Wins at Aqueduct

NEW YORK (Combined Dispatches) — Private Terms ran his record to seven for seven by winning the Wood Memorial Stakes by 1 1/4 lengths Saturday at Aqueduct, covering the 1 1/4 miles (1.79 kilometers) under Chris Antley in 1:47 1/5, a stakes record. Seeking the Gold, the 2-1 favorite, was second by a nose over Cherokee Colony. All three are expected to enter the Kentucky Derby on May 7.

Beck Holds 3-Stroke Lead in USF&G Golf

NEW ORLEANS (AP) — Chip Beck shot a bogey-free, seven-under-par 65 Saturday for a three-stroke lead over Lanny Wadkins after three rounds of the USF&G Classic golf tournament. Beck came from one shot off the pace, pulling away with birdies on three of the last four holes. Wadkins shot 69, falling to second at 201 after leading for two rounds. He had taken a one-stroke lead Friday with 65.

NCAA Broadens Investigation of Kentucky

LEXINGTON, Kentucky (AP) — The NCAA now is investigating whether the mother of University of Kentucky basketball recruit Shawn Kemp of Elkhart, Indiana, had her transportation or expenses paid by the school during a campus visit.

For the Record

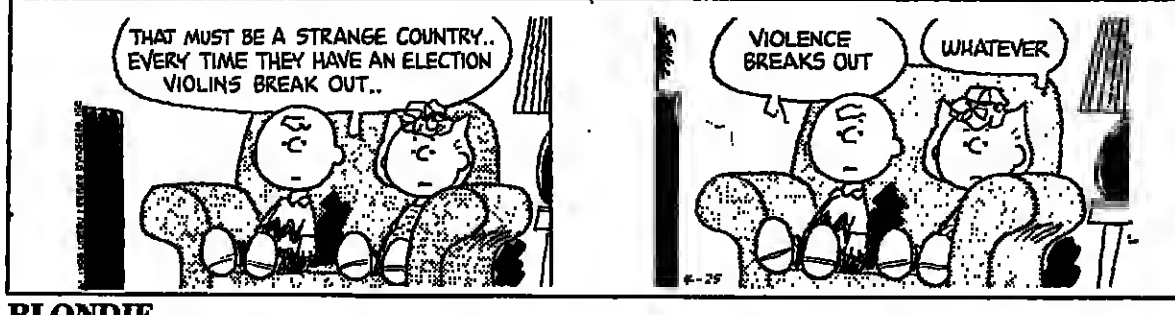
The America's Cup syndicate of Alan Bond of Australia said it may challenge in court the decision to allow Britain to sail off against New Zealand.

Liverpool won a record 17th English League title Saturday, defeating Tottenham, 1-0, in London. In Glasgow, Celtic won its 35th Scottish League title by downing Dundee, 3-0.

Leo Gomez of Venezuela kept his World Boxing Association strawweight title Sunday in Tokyo, stopping Kazuyuki Yokozawa of Japan.

Bill Walton of the Boston Celtics, recovering from ankle and foot surgery, will not be on the postseason roster, team officials said.

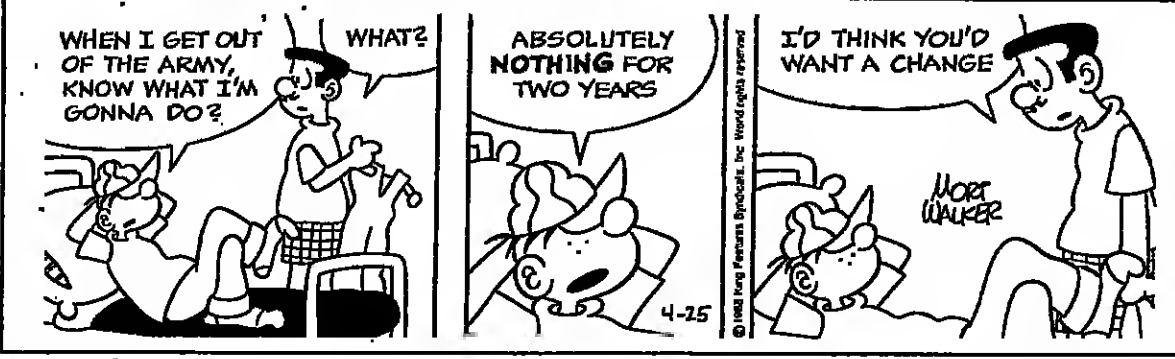
PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Amsterdam stock prices came under slight pressure last week, partly as a result of disappointing U.S. trade figures. Turnover was 5.50 billion guilders, compared with 7.48 billion the previous week.

Frankfurt

Trading on the Frankfurt Stock Exchange was listless, and the Commerzbank index closed Friday at 1,377.4, off 8.9 points for the week.

The U.S. trade deficit continued to depress the market, and two other factors limited investor interest: what the market considered inadequate purchase terms offered by Daimler-Benz AG to holders of AEG shares (AEG lost 21.10 Deutsche marks for the week), and Porsche's announcement that it would cut its work force by an eighth.

Hong Kong

The Hang Seng Index dropped 7.60 points in a week of see-saw but moderate trading on the Hong Kong Stock Exchange, with strong support emerging at the 2,550-point level. The market barometer finished the week at 2,591.35 points.

The Hang Seng fell 46.99 points in late selling Monday, but bargain hunters came to market Tuesday and pushed it back up 41.97 points. After further losses on Wednesday and Thursday in thin trading, there was a gain of 38.64 points on Friday.

London

The London Stock Exchange had another irregular week, finishing on a weak note.

The Financial Times-Stock Exchange index of 100 stocks touched the 1,800-point barrier, but soon retreated. It finished the week at 1,771.60, off 7 points for the week.

Volume was generally low, as institutions remained on the sidelines. But increased bid activity helped the market to consolidate its gains, notably the launching of a £114 million bid by Peet, the British electronics concern, for another company in the sector, Dubliner PLC.

Milan

Milan trading was dull last week in the absence of institutional investors and investment funds, analysts said. The Comit index dropped to 505.97 at the week's close, from 517.0 the previous Friday.

Downward pressure came from difficulties experienced by some major groups, like Assicurazioni Generali SpA, the insurance group that is trying to win control of Compagnie di Midl, and Pirelli SpA, trading in which was suspended for two days after announcement of

its restructuring plan. Generali was off by 2 percent, and Pirelli dropped 6 percent.

Fiat SpA was unchanged on the week, and Montedison SpA dipped by 0.8 percent. Other issues in the Ferruzzi Group lost more ground: 4.8 percent for Enzantina Meta, 8 percent for Agnola and 9.3 percent for Sile.

Among De Benedetti issues, Olivetti lost 5.1 percent, CIR 4.7 and Buitoni 2.8 percent.

Paris

Paris stock prices gained last week despite uncertainties relating to the presidential election. The CAC index finished Friday at 308.0, up from 296.8 the previous Friday.

Analysts said the good performance was surprising, since pre-election periods are generally not favorable to stock prices. But they noted that business was in good shape and had announced some very good results for 1987.

SAFE, an association of financial analysts, said that it expected an average rise of 20 percent in company profits this year and that this could spill over into stock prices.

Singapore

Share prices recovered slightly on the Singapore stock market in fairly active trading.

The Straits Times Industrial Index advanced more than 11 points Friday. The indicator finished the week at 955.77 points, up 22.33 from the week before.

The week began on a cautious note. But volume climbed considerably on the last two days on bargain-hunting and speculative buying. Singapore-based counters gained modestly and Malaysian issues continued to dominate trading largely due to buying by foreign fund managers. Plantation stocks were sought as a result of improvements in commodity prices.

Tokyo

The Nikkei stock average, the key indicator of the Tokyo Stock Exchange, topped the 27,000-yen mark Saturday for the first time since April 14, hitting a record 27,111.35.

The average of 225 blue chips closed the week at 27,058.37 for a 164.80 weekly advance. It gained 221.25 in the half-day session.

The market got off to a bad start Monday, with the Nikkei losing 222.12 yen. Many investors took to the sidelines after the April 14 record high. The bearish mood carried over to Tuesday, with many issues going down under the pressure of profit-taking.

Some institutional investors returned to the market Wednesday to buy on weakness, particularly high-tech issues like Toshiba Corp. and oil stocks after rises in spot oil prices.

The Nikkei posted a 207.09 gain on Tuesday and Wednesday combined. But bullish sentiment did not last as Wall Street declined, and the Nikkei lost 35.9 yen on Thursday. It rebounded slightly Friday with a moderate 6.96 advance.

The market perked up Saturday with many investors, including foreigners, buying giant capital stocks like Nippon Steel, Kawasaki Steel and electronics companies.

Turnover was moderate, with 663.8 million shares changing hands a day, down from 992 million shares the previous week. The value of stocks traded fell to 657 billion yen a day, down from 1,062 trillion yen.

Market analysts predicted quiet trading the next two weeks, during which the market will be closed for four days for holidays.

Zurich

Zurich stock prices dropped every day in a four-day trading week, and the Credit Suisse index finished at 446.3, down from 455.6.

Analysts said the steady drop and low volume were a result of uncertainty caused primarily by announcement of a lower dividend for Pirelli shares, considered as virtually equivalent to bonds, and by restrictions announced by Sandoz Ltd. and Ciba-Geigy AG on acquisition of registered shares. The decline hit almost all sectors.

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SPORTS

As NFL Draft Starts, Emphasis Is Defense

The Associated Press NEW YORK — After the Atlanta Falcons went through the formal Sunday of naming Auburn offensive end Amrudy Bruce as the No. 1 selection in the National Football League's college draft, Kansas City Chiefs took defensive lineman Neil Smith of Nebraska...

Seahawks Sign Stouffer The Seattle Seahawks signed newly acquired quarterback Kelly Stouffer Friday and sent future draft picks to the Phoenix Cardinals as compensation after safety Kenny Easley was found by doctors to have a degenerated kidney...

U.K. Sets Long Inquiry, IAAF Backs Off Threat

The British Amateur Athletic Board announced Sunday a three-man committee of inquiry into runner Zola Budd's eligibility, and the world governing body of track and field, the International Amateur Athletic Federation, said that it had not threatened to bar all British athletes from international competition...



A dash proved faster than a crawl as the Phillies' Mike Schmidt got the tag before the Expos' Herm Wainwright could get back to second.

Knicks, Bullets Get Last Playoff Spots

LANOVER, Maryland — The New York Knicks and the Washington Bullets, on the penultimate night of the National Basketball Association's regular season, gained the last two spots in the playoffs Saturday night. The Bullets, who were ensured a playoff berth when Philadelphia lost to Cleveland, got off to a fast start on the shooting of John Williams and outlasted the Atlanta Hawks...

Pirates Rally 2d Straight Game, Beat Cubs by 5-4

PITTSBURGH — Mike LaValle's two-run single in the eighth inning Saturday beat the Chicago Cubs, 5-4, and gave the Pittsburgh Pirates their second consecutive come-from-behind victory. With the Cubs leading, 4-3, and Rich Gossage pitching, Andy Van Slyke singled, Bobby Bonilla walked and Sid Bream sacrificed...

SATURDAY BASEBALL

For the second straight game in the series, a player's bat was confiscated. The Mets asked the umpires to take Vince Coleman's bat when he came up in the fourth. Coleman had homered in the second. Phillies 4, Astros 0: In San Diego, Ed Whitson and two relievers led Houston to four hits while Randy Ready went two for two with two RBIs...

Friday's and Saturday's Major League Line Scores

Table listing baseball game results for Friday and Saturday, including teams, scores, and key players. Includes games like Yankees vs. Red Sox, Orioles vs. Cubs, and others.

Major League Standings

Table showing the current standings for Major League Baseball teams in both the American and National Leagues, including columns for team name, wins, losses, and percentage.

SCOREBOARD

Table of scores for various sports including NFL Draft, Football, Hockey, and Baseball. It lists teams, scores, and key statistics for each game.

European Soccer

Table of scores for European soccer matches, including results from the Italian First Division, Spanish First Division, and other leagues.

Tennis

Table of tennis tournament results, including men's and women's singles and doubles matches from various tournaments.

Baseball

Table of baseball game results and player statistics, including individual player performances and team scores.

BRIEFS: tions in Territor... allowed Palestinians... to leave their homes... in a week...

EL UPDATE: Smokers Go Wild... International Flight...

PHILADELPHIA — P... BALTIMORE — P... ST. LOUIS — R... PHOENIX — R... PHOENIX — R...

